

DAILY REPORT

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JAPAN

Nakasone Expects Gorbachev To Visit in January	C 1
USSR's Marchuk To Visit 7-13 September	C 1
Foreign Ministry Welcomes USSR Test Ban Extension	C 1
52 Depart to Visit Tombs on USSR-Held Islands	C 1
Planned 'New Jersey' Visit Sparks Controversy	C 2
Gotoda Testifies in Cabinet	C 2
Protest Rallies Planned	C 2
JSP Leaders Urge Doi To Run For Party Chairmanship	C 3
Japan Not To Follow U.S. on Discount Rate Cut	C 3

NORTH KOREA

Honoring of 1976 Panmunjom Axe Victims Criticized [NODONG SINMUN 21 Aug]	D 1
CPRF Memorandum on Liberation Anniversary	D 2
Politburo's O Kuk-yol Meets PLA, CPC's Qin Jiwei	D 4
Hwang Chang-yop Meets CPC's Chen Yeping	D 4
PRC Communist Youth League Group Visiting	D 4
Arrives 20 Aug	D 4
Kim Hwan Attends Banquet	D 5
Talks Held With Mongolian Trade Delegation	D 6
Talks With Kim Pok-sin	D 6
Trade Protocol Signed	D 6
External Economics Minister Leaves for Africa	D 6

SOUTH KOREA

UNC Says DPRK Started 19 Aug DMZ Shooting	E 1
Minister Urges North To Return to Negotiations	E 1
Parties To Suspend Activities During Asian Games	E 1
DJP To Conduct Party Leadership Reshuffle Soon [THE KOREA TIMES 21 Aug]	E 2
Minister Predicts Labor Disputes by Agitators [THE KOREA TIMES 21 Aug]	E 2

CAMBODIA

Hun Sen Returns From Conference in Hanoi	H 1
Hun Sen 'Interested' in Sitthi's Statement	H 1
VODK Reports Sihanouk's Bangkok Press Conference	H 2

LAOS

PASASON Hails Foreign Ministers Conference [20 Aug]	I 1
Sisavat Keobounphan Explains Draft Defense Bill	I 2

THAILAND

U.S. Rules on Sulfur in Food 'Protectionist' Act [NAEO NA 13 Aug]	J 1
Sitthi Lifts Travel Restrictions on Envoys [BANGKOK POST 17 Aug]	J 1
Chawalit Takes Over Capital Security Command [THE NATION 16 Aug]	J 2
Athit Defends CSC's Role [BANGKOK POST 18 Aug]	J 3
Ministry on Refugee Interviews, Payments [THE NATION 18 Aug]	J 4
Finance Minister Reveals Fiscal Problems, Deficit [BANGKOK POST 20 Aug]	J 5
Pichai Appoints MP Den, Others as Secretaries [BANGKOK POST 20 Aug]	J 7

VIETNAM

Thai Charges of Military Intrusions Rejected	K 1
Hanoi Party Draft Political Report Published	K 1
Hanoi Committee Studies Report	K 2
Population Planning Committee Reviews Work	K 2
People's Councils Review Past Activities	K 3
Storm, Crop Pests Damage Autumn Rice Crop	K 4

AUSTRALASIA

AUSTRALIA

Budget Cutbacks Force Pull-Out From U.S. Exercise	M 1
Treasurer Keating Presents 'Stringent' 1986 Budget	M 1
Spending Slashed, Taxes Raised	M 1
Trade Decline Forcing Austerity	M 2

NEW ZEALAND

Majority Wants Full ANZUS Role, End to Nuclear Ban [AFP]	M 2
--	-----

INDONESIA

MP Hopes Lugar Will 'Leave Calm' in Nation [AFP]	N 1
Mokhtar Supports Call for Trial for Pol Pot [MERDEKA 9 Aug]	N 1
Mokhtar on Singapore Tour; Shevardnadze Visit	N 2
CGDK's Sihanouk Arrives for 4-Day Visit, Talks	N 3
Talks Held on Cambodia	N 2
Suharto Delivers National Day Address	N 3
Makhmud Sees No Need to Review President's Terms [THE JAKARTA POST 13 Aug]	N 6

PHILIPPINES

Aquino Speaks on 3d Anniversary of Husband's Death	P 1
Laurel To Join Aquino Entourage on U.S. Visit	P 1
[BUSINESS DAY 20 Aug]	
Laurel, Lugar Discuss Lobby For Aid, Not Bases	P 2
[NEWS HERALD 20 Aug]	
Economic Policy Plan Submitted to IMF	P 3
[BUSINESS DAY 11 Aug]	
IMF Makes 'Major Concession' on Credit Assistance	P 5
[MANILA BULLETIN 19 Aug]	
Ministers Urge Payment of Debts Based on Ability	P 6
[MANILA BULLETIN 20 Aug]	

OTHER COUNTRIES

FIJI

Hayden Holds Talks With Fiji Ministers	Q 1
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KIRIBATI

Japan Plans 'Huge' Space Center, University	Q 1
[THE NEW ZEALAND HERALD 15 Aug]	

It was greeted at Pyongyang railway station by Choe Yong-hae, chairman of the Central Committee of the League of Socialist Working Youth of Korea; Pak Song-pom, vice-director of a department of the WPK Central Committee; Yi Chong-ki, editor-in-chief of NODONG CHONGNYON; Kim Dong-kuk, director general and editor-in-chief of the Kumsong Youth Publishing House; and other officials concerned. Also present to meet it were Chinese Ambassador to Korea Zong Kewen and his embassy officials. In border city Sinuiju the delegation was enthusiastically welcomed by youths, students and children there.

Kim Hwan Attends Banquet

SK210457 Pyongyang KCNA in English 0445 GMT 21 Aug 86

[Text] Pyongyang August 21 (KCNA) -- The Central Committee of the League of Socialist Working Youth of Korea arranged a banquet at the People's Palace of Culture on the evening of August 20 in honor of the visiting Chinese youth delegation headed by Song Defu, first secretary of the Central Committee of the Communist Youth League of China. Present there were Kim Hwan, member of the Political Bureau, and secretary, of the Central Committee of the Workers' Party of Korea, Ho Chong-suk, secretary of the WPK Central Committee, and other officials concerned.

Speaking first at the banquet Choe Yong-hae, chairman of the LSWYK Central Committee, said the visit of the Chinese youth delegation to Korea would mark an important occasion in developing and strengthening the fraternal friendship and solidarity between the young people of Korea and China.

The CYLC, he said, has made many successes in the struggle for fulfilling the Seventh 5-Year Plan, carrying out four modernizations and reunifying the whole country by having Taiwan returned to the homeland. Noting that today the Chinese young men and women were thoroughly preparing themselves as a new generation of communism through active various movements such as the "Movement for Learning From Lei Feng", Choe Yong-hae sincerely wished them bigger success in the future.

The entire Korean youth set great store by the great Korea-China friendship based on the close intimacy between the leaders of the two countries and will make all efforts to add lustre to it, he said.

In his speech Song Defu said his delegation's visit to Korea was aimed at actively contributing to the strengthening of the friendship and cooperation between the youth organizations and youths of China and Korea and to peace and progress.

He further said: We know well that the LSWYK is taking an important part in carrying out the three revolutions, ideological, technical and cultural. It has rich experiences in different work such as arming the youth with the revolutionary traditions, communist morality and advanced science and culture.

The Chinese young people are deeply interested in socialist construction in Korea and sincerely rejoice over the achievements made by the Korean people. We strongly support the Korean comrades in their cause of the independent and peaceful reunification of the country, he stressed. He expressed the resolve to develop the China-Korea friendship generation after generation.

TALKS HELD WITH MONGOLIAN TRADE DELEGATION

Talks With Kim Pok-sin

SK210433 Pyongyang KCNA in English 0426 GMT 21 Aug 86

[Text] Pyongyang August 21 (KCNA) -- Vice-Premier Kim Pok-sin on August 20 met and had a friendly talk with the Mongolian Government trade delegation headed by B. Delgersuren, vice-minister of foreign trade. Present on the occasion were Vice-Minister of Foreign Trade Kang Chong-mo and Mongolian Ambassador to Korea Perenlein Urjinkhunde.

Trade Protocol Signed

SK210440 Pyongyang KCNA in English 0429 GMT 21 Aug 86

[Text] Pyongyang August 21 (KCNA) -- A protocol on the delivery of commodities and payments for 1987 was signed here Wednesday between the governments of the Democratic People's Republic of Korea and the Mongolian People's Republic. Present at the signing ceremony on the Korean side were Minister of Foreign Trade Choe Chong-kun and other officials concerned and on the opposite side were the Mongolian Government trade delegation headed by B. Delgersuren, vice-minister of foreign trade, and Mongolian Ambassador to Korea Perenlein Urjinkhunde.

EXTERNAL ECONOMICS MINISTER LEAVES FOR AFRICA

SK131043 Pyongyang KCNA in English 1017 GMT 13 Aug 86

[Text] Pyongyang August 13 (KCNA) -- A Korean Government economic delegation headed by Chong Song-nam, minister of external economic affairs, left here today for a visit to Tanzania and Senegal. It was seen off at the airport by Choe Chong-kun, minister of foreign trade; Yim Ki-song, vice-minister of external economic affairs; and Boris Morozov, charge d'affaires ad interim of the Soviet Embassy here.

UNC SAYS DPRK STARTED 19 AUG DMZ SHOOTING

SK201130 Seoul YONHAP in English 1117 GMT 20 Aug 86

[Text] Seoul, Aug. 20 (YONHAP) -- North Korea fired machine guns at two United Nations Command (UNC) posts across the Demilitarized Zone Tuesday night, the UNC announced Wednesday. The UNC announcement said that the UNC forces sustained no casualties or damage from the North Korea fire.

The UNC said it will charge North Korea with "this second serious violation" of the Armistice Agreement this month. The command said an early morning investigation by a multinational UNC team confirmed that North Korea initiated the firing at 7:40 p.m. Tuesday. It said the initial fire of some 30-40 machinegun rounds was directed at a UNC observation post on the southern bank of the Imjim River near the Han River estuary.

The UNC said South Korean soldiers at the UNC post returned defensive fire. At 7:41 p.m., a nearby UNC guard post called through a loudspeaker to halt the North Korean firing. Instead of replying, the command said, two North Korean guard posts on the north bank each fired 30-40 machine gun rounds at the UNC guard post. At 7:43, the UNC guard post returned defensive fire. All firing ceased at 7:45 p.m.

No further hostile action was reported for the rest of the night, the command said.

MINISTER URGES NORTH TO RETURN TO NEGOTIATIONS

SK200652 Seoul YONHAP in English 0641 GMT 20 Aug 86

[Text] Seoul, Aug. 20 (YONHAP) -- South Korean Unification Minister Pak Tong-chin Wednesday urged North Korea to return to the inter-Korean negotiating table at the earliest possible date in order to pave the way for the peaceful reunification of the nation. "It would be much wiser to make efforts toward substantial accomplishments in the three existing channels of inter-Korean dialogue than to create a new channel, such as military talks," he said. Pak made the remarks in a speech he delivered at a symposium on national unification held in the ancient capital of Kyongju. More than 300 students from 37 universities in Korea attended the meeting.

Pak said that Pyongyang should take all the responsibility for the heightening of tensions by unilaterally suspending the dialogue, citing as an excuse the annual and Korean-U.S. joint military exercise, "Team Spirit." He said that North Korea has heated up its propaganda campaign aimed at obstructing the 1988 Seoul Olympics. Pak denounced Pyongyang for its self-contradiction and insincerity toward the inter-Korean dialogue.

PARTIES TO SUSPEND ACTIVITIES DURING ASIAN GAMES

SK200056 Seoul YONHAP in English 0048 GMT 20 Aug 86

[Text] Seoul, Aug. 20 (YONHAP) -- South Korea's ruling and opposition parties have agreed to temporarily suspend their political activities both within and outside the National Assembly during the Seoul Asian Games, scheduled for Sept. 20 to Oct. 5, sources said Wednesday.

Accordingly, the National Assembly's regular session, which in past years has begun on Sept. 20, will be opened after the ASIAD, according to the sources. The ruling and opposition camps also agreed to hold public hearings of the Assembly's special constitutional revision committee from Aug. 28 until Sept. 20 and to resume their activities after the games, the sources said.

DJP TO CONDUCT PARTY LEADERSHIP RESHUFFLE SOON

SK210001 Seoul THE KOREA TIMES in English 21 Aug 86 p 1

[Text] A reshuffle of leading party officials of the ruling Democratic Justice Party will take place in a day or two, party sources said yesterday.

The shakeup is likely to affect secretary general Chong Sun-tok, chief policy maker Chang Sung-man and floor leader Yi Se-ki, they observed.

Party chairman No Tae-u is expected to pay a call on President Chon Tu-hwan at Chongwadae today to obtain the party president's endorsement of the shakeup, the sources said.

The reorganization of the party hierarchy is to refresh its image and strengthen the "battle formation" for the amendment of the Constitution to accommodate the parliamentary cabinet system, according to them.

No indicated a shakeup Monday during a caucus which approved the party's draft amendment by saying that "I will take the lead in renovating our party's internal atmosphere and renewing social climate to meet the people's expectation."

MINISTER PREDICTS LABOR DISPUTES BY AGITATORS

SK210012 Seoul THE KOREA TIMES in English 21 Aug 86 p 8

[Text] Labor Minister Cho Chol-kwon said yesterday that labor disputes master-minded by employees "in disguise" or outer forces are on the increasing trend in connection with the current political situation. In a party-government consultation meeting held at the ruling Democratic Justice Party Minister Cho expressed worries that "impure elements" of the work force are likely to resort to more extreme actions, taking advantage of the boisterous atmosphere due to the Constitution debate now under way.

As of Aug. 15, 193 cases of labor disputes were reported this year, showing a slight increase over 177 cases during the corresponding period of last year, according to Cho.

In efforts to prevent labor disputes from going violent, various measures, including implementation of the minimum wage system and construction of apartment houses for low-wage workers, have been worked out by the ministry, Cho reported.

NAKASONE EXPECTS GORBACHEV TO VISIT IN JANUARY

OW210907 Tokyo KYODO in English 0904 GMT 21 Aug 86

[Text] Karuizawa, Nagano Pref., Aug. 21 KYODO -- Prime Minister Yasuhiro Nakasone said here Thursday he expects Soviet party leader Mikhail Gorbachev to visit Tokyo next January. The government has extended an invitation to Gorbachev to make an official visit by the end of January. He will be the first Soviet Communist Party general secretary to come to Tokyo.

Nakasone predicted the Gorbachev visit during talks with reporters at this summer mountain resort.

USSR'S MARCHUK TO VISIT 7-13 SEPTEMBER

OW211033 Tokyo KYODO in English 1030 GMT 21 Aug 86

[Text] Tokyo, Aug. 21 KYODO -- Soviet Vice Premier Yuriy Marchuk will visit Japan September 7 to 13 as a Foreign Ministry guest, the ministry said Thursday. While in Japan, Marchuk, concurrently chairman of the state Science and Technology Commission, will visit scientific and technological facilities. Marchuk will also meet foreign minister Tadashi Kuranari, Science and Technology Agency chief Yataro Mitsubayashi, and other Japanese Government officials.

FOREIGN MINISTRY WELCOMES USSR TEST BAN EXTENSION

OW200609 Tokyo KYODO in English 0550 GMT 20 Aug 86

[Text] Tokyo, Aug. 20 KYODO -- Japan welcomes the recent Soviet announcement of an extension of its unilateral freeze on nuclear tests until next January 1, a senior Foreign Ministry official said Wednesday. But the official added, "the moratorium does not mean a final solution to a total nuclear test ban," and called on the United States and the Soviet Union to make further efforts to bring about a total ban on nuclear tests. "It will be necessary for the U.S. and the Soviets to begin taking actions toward a total test ban," the official said.

The official further stated Japan welcomed a recent meeting of U.S. and Soviet experts in Russia on nuclear tests, terming it a step forward towards a test ban. Japan hopes that similar meetings between the two countries will bring positive results, the official said.

The Soviets unilaterally declared its nuclear test moratorium on August 6 last year on the anniversary of the atomic bombing of Hiroshima in 1945. The latest extension is the fourth since then.

52 DEPART TO VISIT TOMBS ON USSR-HELD ISLANDS

OW210135 Tokyo KYODO in English 0054 GMT 21 Aug 86

[Text] Nemuro, Hokkaido, Aug. 21 KYODO -- A group of 52 people left Nemuro Port Thursday morning on a four-day visit to the ancestral tombs on Soviet-held islands east of Hokkaido aboard on a 892-ton chartered ship. The group includes 46 former islanders and six entourage members who are scheduled to visit the graves on Shikotan Island and Suisho Islet in the Habomai group.

This is the first visit to the ancestral graves, made by Japanese without visas, since 1976. The northern islands of Shikotan, Kunashiri, Etorofu Islands and the Habomai group were captured and occupied by the Soviet Union in the closing days of World War II.

Former Japanese islanders made previous grave visits to those islands on eight occasions between 1964 and 1975 bearing only identity cards issued by the Japanese Government. The Soviet Union suspended these visits in 1976, demanding that grave visitors carry passports and visas.

Japan and the Soviet Union agreed earlier this year on reciprocal visits by Japanese and Soviets to their respective ancestral graves without applying for visas.

PLANNED 'NEW JERSEY' VISIT SPARKS CONTROVERSY

Gotoda Testifies in Cabinet

OW191315 Tokyo NHK Television Network in Japanese 1000 GMT 19 Aug 86

[Text] Referring to the "USS New Jersey's" scheduled port call, Kenji Taguchi of the JSP, at a meeting of the House of Representatives Committee on cabinet affairs today, asked if the Tomahawk missiles carried by the ship were equipped with nuclear warheads.

[Begin recording] [Taguchi] Has it been confirmed that no nuclear warheads are aboard the "New Jersey?"

[Gotoda, chief cabinet secretary] Inasmuch as there has been no request from the U.S. Government for any prior consultations on bringing in nuclear arms, we believe, on the basis of the relationship of mutual trust under the Japan-U.S. security treaty, that the U.S. Government -- that is, the "New Jersey" in this case -- will not be bringing in any nuclear weapons. [end recording]

Meanwhile, Fujii, director of the Foreign Ministry's North American Affairs Bureau, answering Taguchi's question on the possibility of the "New Jersey" making Sasebo its home port, said that he had heard of misgivings about this spreading among local residents, but added that he had not the slightest knowledge about any U.S. plan to make Sasebo a home port for the "New Jersey."

Protest Rallies Planned

OW201129 Tokyo KYODO in English 1103 GMT 20 Aug 86

[Text] Sasebo, Nagasaki Pref., Aug. 20 KYODO -- Peace groups, political and labor organizations and radicals are planning a series of rallies, demonstrations and other protest events to mark a port call by the U.S. battleship "New Jersey," which is due to arrive here next Sunday.

The Japan Socialist Party (JSP) and the General Council of Trade Unions of Japan (SOHYO) plan to hold a joint rally of 200 to 300 people Sunday morning, with a demonstration by 20 to 30 fishing boats to protest the arrival of the 45,000 ton warship. They plan a further protest rally of about 10,000 people at Sasebo's Matsuura park in the afternoon, followed by a street demonstration.

A similar protest rally and demonstration are planned by the Japan Communist Party (JCP) and the Japan Council Against Atomic and Hydrogen bombs (Gensuikyo) with 3,000 members and supporters and a fleet of some 10 fishing boats.

The radical group "Chukakuha" (Middle Core faction) and the revolutionary Marxist sect (Kakumaruha) will also hold protest rallies and demonstrations of about 300 each the same day.

In a contrasting form of protest action, jazz and rock musicians will perform a "concert of love and peace" from August 25 through August 30.

An exhibition of 80 photos and panels depicting atomic bombings and nuclear missiles, as well as a film show, is among various grassroot events to be staged to oppose the port call by the "New Jersey," in contravention of the Japanese non-nuclear policy which bars the introduction of such weapons onto Japanese territory.

Meanwhile, police authorities will mobilize a force of 3,500 policemen to be put on alert for the "New Jersey's" visit.

JSP LEADERS URGE DOI TO RUN FOR PARTY CHAIRMANSHIP

OW201133 Tokyo KYODO in English 1127 GMT 20 Aug 86

[Text] Tokyo, Aug 20 KYODO -- The Japan Socialist Party executive members moved Wednesday to choose its Vice Chairwomen Takako Doi as new party leader, succeeding Masashi Ishibashi who is resigning from the post, party sources said. Seven of the non executive members, except Ishibashi and Doi, agreed Wednesday to recommend Doi as the next party chairman and asked Doi to run for the chairmanship in the party election, the sources said. They said Doi refrained from making an immediate decision, saying she needs more time to make up her mind.

The sources said, however, rough sailing is anticipated for Doi's selection in view of the fact that she will face tough competition by the former head of the JSP's Public Information bureau, Tetsu Ueda. Ueda, who announced his intention Monday to run for the chairmanship, has refused to withdraw his candidacy. The party is scheduled to hold an extraordinary executive session Thursday to line up support for Doi, the sources said.

Ishibashi has said he will resign as chairman of Japan's No 1 opposition party to take responsibility for the major setback the party suffered in the July 6 elections for both houses of the Diet, when its lower house strength fell from 111 seats to 86.

JAPAN NOT TO FOLLOW U.S. ON DISCOUNT RATE CUT

OW210259 Tokyo KYODO in English 0239 GMT 21 Aug 86

[Text] Tokyo, Aug 21 KYODO -- Japan will not immediately follow the United States in cutting its official discount rate, Bank of Japan (BOJ) officials said Thursday. The U.S. economy is suffering a sharp decline at present as shown by a large downward revision of a second-quarter economic growth rate to 0.6 percent from 1.1 percent and the U.S. discount rate cut had been expected, the officials said.

The central bank is taking a cautious attitude on its monetary policy as Japan has already relaxed its domestic credit sufficiently, bank officials said. The comments were made on the Federal Reserve Board's announcement Wednesday to reduce the U.S. official discount rate by 0.5 percentage points to 5.5 percent, effective Thursday.

Prime Minister Yasuhiro Nakasone, however, said Thursday Japan would take drastic measures to expand domestic demand through business stimulative measures, while studying effects of the U.S. discount rate cut on the Japanese economy.

Government sources said in this connection that the government may be forced to study this year's fourth discount rate cut next month when the government is scheduled to announce its comprehensive economic policy package, government sources said. The sources noted that the U.S. is strongly demanding that Japan follow the U.S. in cutting its discount rate. But the lower U.S. interest rates are expected to cause the value of the yen to rise further against the dollar.

The central bank is currently taking a cautious stand on further monetary relaxation as it would speed up speculative buying of real estate and stocks, the sources said. The BOJ fears that deflationary effects on the domestic economy, resulting from the higher value of the yen against the dollar, is already discouraging capital investment by export-oriented manufacturers, the sources said.

The central bank will decide whether to cut its discount rate further after it compiles a short-term economic outlook report early next month, they said.

HONORING OF 1976 PANMUNJOM AXE VICTIMS CRITICIZED

SK210256 Pyongyang Domestic Service in Korean 2150 GMT 20 Aug 86

[NODONG SINMUN 21 August commentary: "Tears of the Instigator"]

[Text] On 18 August the headquarters of the U.S. imperialist aggressor forces in South Korea held a so-called memorial ceremony honoring victims -- in connection with the 10th anniversary of the Panmunjom incident -- at a base located in the Joint Security Area [JSA] at Panmunjom.

Remarks about recalling the nightmare were made at the ceremony, in which Livsey, commander of the aggressor forces, participated. The U.S. imperialists loudly talked about someone's atrocity with axes at Panmunjom and about the so-called victims. Do they really have any sense of honor in making such remarks?

As is known, the Panmunjom incident was a provocation perpetrated by the U.S. imperialists themselves. At the time, the U.S. imperialists abruptly mobilized hooligans to launch a tree-cutting operation, saying the tree in the JSA at Panmunjom was in the way. As for the tree, it had stood at the same place for more than 20 years and had not hindered any guards. Furthermore, the tree in question was planted and cared for by us under our management.

When we opposed their unjust act, the U.S. imperialists conducted a mass assault on our side's guards and even perpetrated the atrocious act of injuring them by throwing axes. Not satisfied with this, the rascals brought in more than 30 hooligans as reinforcements, thus further aggravating the situation.

Indeed, this was an unthinkable crime that could have been committed only by arrogant and bestial aggressors. The U.S. president even commanded the tree-cutting operation while threatening us with armed forces. How arrogant and mean his act was! Of course, we had no choice but to take self-defense measures. This is the truth of the Panmunjom incident. Those who received a blow while boasting of the power of cannibals made absurd remarks about victims, kicked off a commotion, and shed tears. We must say that this is a postposterous and shameless act.

Aren't the U.S. imperialists ashamed of raving about victims, nightmares, and so forth before the people of the world? Their act, similar to a thief shouting "Stop thief," is designed to misuse the Panmunjom incident that occurred 10 years ago for countrepropaganda in connection with the strained situation on the Korean peninsula by shifting responsibility for the incident to us.

However, no one can conceal the truth. The U.S. imperialists and their stooge, the Chon Tu-hwan clique, are the ones who are frantically running amok with new war provocation maneuvers including troop reinforcements, adventurous war exercises, and armed provocations at Panmunjom and along the Military Demarcation Line, while rejecting our peace proposals to ease tension. They are the ones who are going to inflict even a nuclear calamity.

If the U.S. imperialists think they can mislead world opinion with a so-called memorial ceremony, they are wrong. The memorial ceremony only shows where they the provokers are heading.

CPRF MEMORANDUM ON LIBERATION ANNIVERSARY

SK141148 Pyongyang KCNA in English 1035 GMT 14 Aug 86

[Text] Pyongyang August 14 (KCNA) -- The Secretariat of the Committee for the Peaceful Reunification of the Fatherland issued a memorandum Wednesday on the 41st anniversary of the August 15 liberation, accusing U.S. imperialism of the criminal neo-colonial rule it has enforced in South Korea over the past 40-odd years, trampling underfoot the democratic action of the people and resorting to interference in its internal affairs and tricks.

The memorandum says the United States has enforced the colonial rule in South Korea, directly interfering in and controlling all its internal affairs, from framing up of the puppet regime, appointment and replacement of its stooges to the working out and execution of "policies." Although the "government" emerged and "regime" was changed several times after August 15, 1945 in South Korea, they were all controlled by the U.S. imperialists in disregard of the will of the South Korean people, the memorandum notes, and says:

The South Korean puppet regime has worked out its "policy" according to the instructions and decisions of the United States and executed it under the supervision and control of the U.S. imperialists.

The South Korean puppet president cannot write even the text of his speech as he wishes. Texts of the traitor Chon Tu-hwan's speeches during his U.S. trip in late January-early February 1981 were made by Wickham, the then commander of the U.S. imperialist aggression forces in South Korea. The traitor Chon Tu-hwan himself admitted that South Korea is controlled by the United States in politics and he follows the assertion of U.S. advisors.

The U.S. imperialists supervise, control and wirepull behind the scene the puppets' working out and execution of "policy" by a crafty and camouflaged means through their local ruling machines in South Korea. This year in particular, the U.S. imperialists, in order to prevent South Korea from being a second Philippines, sent there the state secretary, defence secretary and hundreds of policy makers of the State and Defence Departments and the White House and even the Heritage Foundation called the policy-making brain of Reagan to weave all kinds of plots.

The U.S. imperialists have totally stamped out the elementary democratic rights and human rights of the South Korean people and harshly suppressed the patriotic forces demanding national sovereignty to keep hold on South Korea as their permanent colony. Their methods of suppressing the South Korean people after the ceasefire are different from those before the June 25 Korean War.

Before the June 25 war, the U.S. forces were directly mobilized, together with the South Korean puppet army, in the suppression of the people. After the ceasefire the U.S. imperialists use new cunning methods -- let the South Korean puppet army and police stand on the forefront in suppressing the people and they threaten and blackmail them by military demonstration on the second front. They are not on the front. But they invariably remain as the backstage wirepuller to suppress the South Korean people and stifle their struggle by wicked methods.

The U.S. imperialists resort to all kinds of tricks to freeze the division, doggedly obstructing the reunification of Korea in an attempt to maintain South Korea as their colony indefinitely. In the early 1970s when the South Korean people's aspiration for reunification was growing stronger as never before, they wove a plot in Washington to make the North-South contact serve the purpose of fixing "two Koreas." Following this plot of the U.S. imperialists, the South Korean puppets schemed to make the dialogue with the North a dialogue for permanent division and the creation of "two Koreas."

As the "proposal for simultaneous entry of the North and the South of Korea into the United Nations" was rejected at the 28th U.N. General Assembly in 1973, the U.S. imperialists brought forward the "proposal for separate entry into the U.N." at the 30th U.N. General Assembly in 1975 to let the South Korean puppets enter the United Nations separately.

The U.S. imperialists are the very ones who ruptured dialogue and whipped up confrontation in the 1970s and the actual controller who throws a wet blanket over the dialogue and heightens the tension in the 1980s, all to realize the permanent division of Korea. While paying lip-service to their support to the North-South dialogue, the U.S. imperialists in actuality control the South Korean puppets so they may not go active in the dialogue. The political analysts of South Korean affairs in Washington warned the South Korean puppets not to be too sensitive to the North's proposal.

Last year the U.S. imperialists further intensified the arms buildup and war moves behind the screen of North-South dialogue and instigated the South Korean puppets to prevail over the North with the "superiority of strength." This year the U.S. imperialists suspended all at once the multi-channelled North-South dialogues by staging the "Team Spirit 86" war exercises and discussed at the "annual security consultative meeting" the matter of continuously intensifying the "Team Spirit" joint military exercises in the future and further stepping up the arms buildup in South Korea. This is an open provocation to completely scuttle the North-South dialogue and a desperate move to seize South Korea as their nuclear forward base indefinitely.

Proceeding from this, the U.S. imperialists refuse the North's proposals for tripartite talks and talks between the military authorities for detente and peace on the Korean peninsula and more zealously instigate the arms buildup in South Korea and North-South confrontation. Interference and plot, however, can never bring the situation under control.

Today, the memorandum points out, the South Korean people and students are courageously turning out to the sacred anti-U.S. struggle for independence cherishing the aspiration and demand of the times.

The memorandum emphasizes: The U.S. imperialists must withdraw from South Korea at once and their colonial rule be terminated. The South Korean people will continue their courageous struggle to make the U.S. imperialist aggression forces withdraw from South Korea and achieve the historic cause of national reunification.

The Secretariat of the Committee for the Peaceful Reunification of the Fatherland expresses the belief that the world's people who love independence, democracy and peace will lift up their voices to put an end to the U.S. imperialists colonial rule over South Korea, clear it of the U.S. forces and their nuclear weapons and turn the Korean peninsula into a nuclear-free, peace zone.

POLITBURO'S O KUK-YOL MEETS PLA, CPC'S QIN JIWEI

SK210450 Pyongyang KCNA in English 0442 GMT 21 Aug 86

[Text] Pyongyang August 21 (KCNA) -- Comrade O Kuk-yol, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and chief of general staff of the Korean People's Army, on August 20 met and had a friendly talk with Qin Jiwei, alternate member of the Political Bureau of the C.C., the Communist Party of China, and commander of the Beijing units of the Chinese People's Liberation army and army corps commander of the Chinese People's Volunteers, and his party visiting Korea to spend holidays. Present on the occasion were Colonel General of the KPA Pak Chung-kuk and Chinese ambassador to Korea Zong Kewen.

HWANG CHANG-YOP MEETS CPC'S CHEN YEPING

SK210437 Pyongyang KCNA in English 0427 GMT 21 Aug 86

[Text] Pyongyang August 21 (KCNA) --Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea, on August 20 met and had a friendly talk with the holiday group of the party workers of the Communist Party of China headed by Chen Yeping, member of the Central Advisory Commission of the CPC. Present on the occasion were Kil Chae-Kyong, vice-director of a department of the WPK Central Committee, and Zhang Tingyan, councillor of the Chinese Embassy in Pyongyang. Secretary Hwang Chang-yop arranged a luncheon for the holiday group.

PRC COMMUNIST YOUTH LEAGUE GROUP VISITING

Arrives 20 Aug

SK202226 Pyongyang KCNA in English 1519 GMT 20 Aug 86

[Text] Pyongyang August 20 (KCNA) -- A Chinese youth delegation headed by Song Defu, first secretary of the Central Committee of the Communist Youth League of China, arrived in Pyongyang by train on August 20. The delegation consists of functionaries from organisations of the Communist Youth League of China at all levels and workers, peasants, students and artists, more than 200 young representatives in all.

During its stay in Korea the delegation will swap successes and experiences gained by the young people of the two countries in the youth work and revolution and construction through meeting, joint friendship gathering, get-together, round-table conversation, joint performance, film show and other colorful functions. This will be conducive to developing and strengthening the traditional Korea-China friendship down through the generations.

A large number of youth and students in the city warmly welcomed the friendship envoys of the fraternal Chinese youth.

HUN SEN RETURNS FROM CONFERENCE IN HANOI

BK191256 Phnom Penh SPK in English 1107 GMT 19 Aug 86

[Text] Phnom Penh SPK August 19 -- Kampuchean Foreign Minister Hun Sen was back home this morning, after attending the 13th half-yearly conference of three Indochinese foreign ministers recently held in Hanoi, Vietnam. He was welcomed at Pochentong Airport by Kong Korm, first deputy foreign minister; Prach Sun, vice president of the Commission for External Relations of the People's Revolutionary Party of Kampuchea; Nguyen Anh Kieu and Soukhala Phrakonkham, respectively Vietnamese and Lao charge d'affaires A.I. to Kampuchea.

HUN SEN 'INTERESTED' IN SITTHI'S STATEMENT

BK201249 Phnom Penh SPK in English 1119 GMT 20 Aug 86

[Text] Phnom Penh SPK August 20 -- "In the recent statement by Thai Foreign Minister Sitthi Sawetsila there are some points which I am interested in," said Hun Sen in an interview on Monday in Hanoi with a group of journalists who surrounded him while he came out of the conference hall after the closing session of the three Indochinese foreign ministers' conference. If those points are implemented, he said, it would be a positive factor for peace in Southeast Asia, especially along Thailand's common borders with Kampuchea and Laos.

Hun Sen further said: "What we are interested in Sitthi Sawetsila's statement is that Thailand would not let its territory be utilized by foreigners to destabilize or undermine the governments of the neighbouring countries. This is what we have long wished for. If it is really implemented, it would be the first time in 40 years Thailand does such a thing. Thailand was once the most reliable ally of the Japanese militarists and other foreign aggressors in Southeast Asia. Later, it allowed itself to be used as a U.S. staging base for attacks against us. Over the past seven years, its territory has been used by Pol Pot and other reactionary Khmers supported by China as a base to conduct sabotage activities against us. That is why we welcome the recent statement by Sitthi Sawetsila.

"We have already declared our readiness to enter talks with opposition Khmer groups or individuals for national reconciliation on the basis of the elimination of the Pol Pot clique. So, Pol Pot is the main obstacle to the process of national reconciliation."

When asked if he referred to Pol Pot as an individual or an organization, Hun Sen said: "We have clearly stated it as a political and military organization."

Asked whether Vietnamese troops can be totally withdrawn from Kampuchea by 1990, Hun Sen said: "It will certainly be so. If there is an early political solution it will be completed before that time."

On Sihanouk's eight-point proposal, Hun Sen said "Previously Sihanouk wanted three-fourths of the cake that we ourselves baked and now, with that proposal, he wants the whole cake."

VODK REPORTS SIHANOUK'S BANGKOK PRESS CONFERENCE

BK190452 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 18 Aug 86

[Text] Democratic Kampuchean President Samdech Norodom Sihanouk held a press conference at the Foreign Correspondents Club of Thailand in Bangkok on 15 August. The Samdech said: The CGDK's 8-point proposal constitutes a peace plan with the best foundation for the settlement of the Cambodian problem through political means. This is the last proposal of the CGDK.

The Samdech added that he would not add any points nor express any views beyond those in this 8-point plan. The CGDK's 8-point proposal attests to the CGDK's good will regarding the political settlement of the Cambodian problem, but this should not be interpreted as proof of the Cambodian resistance forces' weakness. Vietnam's rejection of this proposal is proof to the world that the Hanoi authorities have completely refused to accept negotiations to settle the Cambodian problem through political means, even though this proposal constitutes the most advantageous conditions for them.

Concerning the younger Vietnamese leaders' attitude and stand, the Samdech said: It would be a mistake to think that the younger Vietnamese leaders will be more reasonable than the older ones. The younger Vietnamese leaders of tomorrow are young wolves with long teeth and strong claws. They will certainly be more arrogant than their elders.

The Samdech also criticized the Soviet Union for continuing to support the Vietnamese aggression against Cambodia. He said: The Soviet Union, like Vietnam, wants Cambodia to be a permanent colony.

U.S. RULES ON SULFUR IN FOOD 'PROTECTIONIST'

BK201024 Bangkok NAE0 NA in Thai 13 Aug 86 pp 1, 2

[Text] Thai commercial officials have been instructed to keep a close watch on the U.S. Food and Drug Administration because of its 9 July announcement requiring the labeling of ingredients of all categories of food containing 10 parts per million of sulfur. The requirement will become effective on 10 January 1987. Moreover, the administration will also impose a total ban on sulfur in fresh vegetables and fruits beginning 8 August 1987. This is because consumer protection groups have recommended that sulfur not be allowed in any food products because it can pose hazards to people who are allergic to this chemical. However, the Food and Drug Administration has not yet made any decision on this issue for fear that it might have repercussions on other industries.

The office of the Thai commercial counselor attached to the Thai Embassy in Washington reported that the move by the U.S. Food and Drug Administration could affect exports of Thai frozen seafood and canned fruits to the United States.

Thailand exports about 5 billion baht worth of frozen seafood and shrimp to the United States annually.

A high-level official in the Commerce Ministry told NAE0 NA that the new restriction is probably another protectionist measure in addition to the tariff barriers.

Sixty percent of the shrimp consumed in the United States has to be imported. Since U.S. frozen shrimp is more expensive than imported shrimp, the U.S. Government has to work out protectionist measures to save the country's frozen shrimp industry.

The official also disclosed that U.S. trade representative (William E. Brock) proposed in October that the U.S. Foreign Trade Commission study the possible impact of the imports of fresh and frozen shrimp on the U.S. shrimp industry along the southern Atlantic coast.

He said: "We have sent a letter to our commercial counselor instructing him to keep a close watch on this matter."

SITTHI LIFTS TRAVEL RESTRICTIONS ON ENVOYS

BK170034 Bangkok BANGKOK POST in English 17 Aug 86 p 1

[Text] Foreign Minister Sitthi Sawetsila has scrapped proposed travel restrictions for diplomats from ten socialist and Muslim countries.

The restrictions, which were proposed by the National Security Council, had been approved by the previous Cabinet early this year. It had assigned the NSC and the Foreign Ministry to make a list of the countries to be subjected to such restrictions.

The two agencies later listed ten countries whose diplomats must have permission from the Foreign Ministry to travel outside Bangkok. They are Vietnam, Laos, the Soviet Union, China, Burma, Bangladesh, Pakistan, Nigeria, Iraq and Iran.

But ACM [Air Chief Marshal] Sitthi said in a recent interview with the Thai-language daily newspaper NAE0 NA that he had decided to rescind the proposed restrictions following several complaints from the embassies of those countries.

"I ordered the restrictions scrapped a few days ago because they could have negative repercussions," he said. "It would be all right to impose them on two or three countries. But to impose such restrictions on ten countries is just too much."

He said the proposed travel ban could damage Thailand's ties with some friendly countries on the list, such as China, Pakistan, and Bangladesh.

ACM Sitthi said he had already told Chinese Ambassador Zhang Dewei, who called on him on Friday, of the decision to scrap the proposed restrictions and had instructed Permanent Secretary for Foreign Affairs Asa Sarasin to notify all the countries concerned of the cancellation.

ACM Sitthi said he had also consulted Ambassador Zhang on the Soviet Union's proposal to improve its ties with China and has asked China to keep Thailand informed of any new developments.

"I asked (Chinese Foreign Minister) Mr Wu Xueqian to let us know if there are any changes in China's attitudes towards Laos and Kampuchea. As we are friends, I also asked to know if there are any developments in the Sino-Soviet relations," he said.

CHAWALIT TAKES OVER CAPITAL SECURITY COMMAND

BK160610 Bangkok THE NATION in English 16 Aug 86 p 3

[Text] Army Commander-in-Chief General Chawalit Yongchaiyut yesterday officially took over the command of the Bangkok-based Capital Security Command from outgoing Supreme Commander Gen Athit Kamlang-ek.

The ceremony was held at the headquarters of the force and was closed to members of the mass media.

Gen Chawalit yesterday declined to comment on the annual military reshuffle, saying that he did not know when it would be announced.

However, he said that the reshuffle had been done in accordance to the rules. He said appointments and promotions were considered and proposed by commanders of respective military units and screened by the committee.

"I think we have done our best. There are no complications," he said.

There were reports that the reshuffle list would be announced this week. In the reshuffle, Commander of the First Army Region Lt Gen Phichit Kunlawanit and Commander of the Special Warfare Centre Lt Gen Sunthon Khongsomphong will be promoted to assistant army commanders-in-chief.

Second Army Region Commander Lt Gen Phisit Hemabut is promoted to the post of deputy army commander-in-chief in the reshuffle, which sees sweeping changes in the posts of regional army commanders.

Meanwhile, Defence Minister ACM [Air Chief Marshal] Phaniang Kantarat said yesterday that it depends on Premier Prem Tinsulanon when the reshuffle list will be announced.

Phaniang also said that there will be no change in the basic policy of the Defence Ministry. Phaniang was deputy defence minister in the last government.

Athit Defends CSC's Role

BK180229 Bangkok BANGKOK POST in English 18 Aug 86 p 1

[Text] Supreme Commander Gen Athit Kamlang-ek last night complained about the unfair criticisms directed against him over the setting up of the Capital Security Command [CSC].

Addressing senior military and police officers and members of state and private enterprises on the occasion of the 5th anniversary of the founding of the Capital Security Command, Gen Athit said that when the CSC was first initiated as the city's peace-keeper, it invited criticism as a power base for his political ambition.

Even though he was hurt by the criticism, he believed it was expressed in line with the democratic system.

He said some of the critics said that the CSC's work and responsibility were overlapping with those of the other law enforcement agencies.

But he contended that the force was intended to serve public needs.

The supreme commander also recalled the criticism against the several advisers employed by CSC. He argued that the advisers were necessary because the CSC needed to be advised on a wide range of aspects.

Gen Athit said the tank unit movement from the CSC back to its barrack had been delayed until last week because he wanted to avoid panic during the last election.

Gen Athit will this morning pay a call on Prime Minister Prem Tinsulanon at his Sisao Thewet residence before leaving for Malaysia for an official visit.

Meanwhile, Army Commander-in-Chief Gen Chawalit Yongchaiyuth said that the number of enlisted soldiers would be reduced to 1:3 in proportion to career soldiers under the plan to streamline the army to transform it into a small, but efficient fighting force.

Deputy Army Chief-of-Staff Lt-Gen Wanchai Ruangtrakun also said the CSC would be revamped to give more emphasis on anti-terrorism activities.

MINISTRY ON REFUGEE INTERVIEWS, PAYMENTS

BK180453 Bangkok THE NATION in English 18 Aug 86 p 3

[By Sinfa Tunsarawut]

[Text] Ministry of Interior has pronounced a policy that Indochinese refugees rejected for resettlement in third countries this year will not be allowed interviews by resettlement officials again, informed sources said.

The ministry also asked international organizations and voluntary agencies working with the refugees in the ministry-controlled camps to reduce the number of refugees they hire to assist in their programmes and to stop paying cash allowances to them, the sources said.

At the request of the ministry, the relief agencies will, beginning Sept 1, reduce the monthly allowance for the refugee workers from 300 to 200 baht. And beginning next year, no cash or any other form of rewards will be permitted, according to the sources.

One source estimated there are about 4,000 refugees being employed by the United Nations High Commissioner for Refugees (UNHCR) and more than 30 voluntary agencies to work at the camps of Chiang Kham in Phayao, Baan Vinai in Loei, Bann Na Pho in Nakhon Phanom, and Phanat Nikhom processing and transit centre in Chonburi.

About 83,000 Laotian refugees living at Chiang Kham, Baan Vinai and Baan Na Pho and about 5,500 Vietnamese refugees in Phanat Nikhom are being interviewed by the embassy officials of resettlement countries after the ministry announced a relaxation in the resettlement procedure in February this year.

The Interior Ministry aiming to accelerate the resettlement process has asked embassy officials to try to complete the interviews at the end of the year. It has told UNHCR and embassy officials that it will not allow those who are rejected to be interviewed again.

However, relief officials are worried that the embassies have limited the number of their staff for the interviews and more time is needed. Sources said discussions are being held with the ministry officials to extend the release period.

Sources said Laotian refugees who are accepted for resettlement will be moved as quickly as possible to Phanat Nikhom which is the Centre for preparing refugees before their departure to the resettlement countries.

The Interior Ministry has verbally conveyed the decision to embassy officials and UNHCR but no written instruction has been delivered to them yet, sources said.

Official sources said the restriction on resettlement will not affect refugees who may arrive after the end of the year.

The revocation of cash payment is part of the ministry's policy to have more refugees volunteer in the camp activities.

PASASON HAILS FOREIGN MINISTERS CONFERENCE

BK201321 Vientiane Domestic Service in Lao 0500 GMT 20 Aug 86

[PASASON 20 August article: "Hail the Goodwill and Correct Stand of the Three Indochinese Countries Which Have Been Firmly Reiterated Once Again"]

[Text] The 13th conference of the foreign ministers of the LPDR, the PRK, and the SRV was closed with glorious success on 18 August in Hanoi, capital of the SRV, after a 2-day work session. The conference issued a joint communique on the contents, spirit, and success of the conference. The communique reaffirmed the goodwill and consistently correct stand of the three Indochinese countries in solving the pressing problems in the region peacefully and their active contributions to the struggle against war, imperialism, and international reaction and for safeguarding peace, stability, and international security in Southeast Asia and the world.

At the conference, the foreign ministers of the three Indochinese countries were unanimous in assessing the general situation in this region and the world in the past years, especially in the past years, and in assessing the important developments in the past 6 months. At the same time, they also exchanged views on the successes and victories scored in work both in the domestic and international domains and expressed the unchangeable, correct views of the three Indochinese countries toward the situation in the region and the world.

With regard to the Cambodian issue, the conference declared that if all sides concerned agree on the two basic questions -- that is the withdrawal of Vietnamese forces and the liquidation of the criminal Pol Pot clique -- negotiations can be held immediately. At the same time, the three Indochinese countries also hailed the efforts by many countries in the world, and in the ASEAN grouping, which have contributed to the tendency toward holding negotiations between the Indochinese and ASEAN countries to resolve the Cambodian issue politically and to resolve the questions of peace and stability in Southeast Asia, for example the proposal made by the Australian foreign minister to set up a tribunal to determine the crimes committed by the genocidal Pol Pot clique.

With regard to Thai-Lao relations, the conference fully supported the recent statement by Kaysone Phomvihan, chairman of the LPDR Council of Ministers, that the Lao Government is ready to do everything possible at the national and regional levels to foster mutual understanding and trust with the Kingdom of Thailand. It also took note of the 13 August 1986 statement by the foreign minister of Thailand, which said Thailand will not allow its territory to be used to destabilize or undermine the governments of neighboring countries.

As for China, the three Indochinese peoples have always set great store by their long-standing friendship with the Chinese people and wish to see its early restoration. While safeguarding their independence, the peoples of the three countries strive persistently to normalize relations and reestablish good-neighborliness with the PRC.

At the same time, the conference also welcomed the results of the governmental talks between the United States and Vietnam and between the United States and Laos on the search for Americans missing in action and thought that the creation of an atmosphere of cooperation will help stimulate this process for the benefit of peace and stability in Southeast Asia. The PRK is ready to resolve this question if the United States is interested in doing so.

In addition, the conference stressed its particular appreciation of the very important initiatives on Asia and the Pacific put forth by the secretary general of the CPSU Central Committee, Mikhail Gorbachev, in his famous declaration made recently in Vladivostok, which it viewed as the first integral peace program for Asia and the Pacific. The conference welcomed the improvement of relations between the USSR and China.

At the end, the conference highly valued the importance of the forthcoming eighth summit conference of the nonaligned countries, which will be held in Harare, Zimbabwe, in the near future. At this summit conference, the three Indochinese countries fully respect the resolutions of the six and seventh summits to leave the Cambodian seat vacant and the resolution of the seventh summit on Southeast Asia. They are willing to support these resolutions again at the Harare summit.

All this has been clearly and fully stated in the joint communique of the 13th conference of the foreign ministers of the three Indochinese countries. It reflects the goodwill and consistent, correct stand of the three Indochinese countries in actively contributing to the peaceful solution of regional problems and other important problems in the world for peace, the reduction of tension, and international cooperation.

The Lao people as well as the fraternal Cambodian and Vietnamese peoples wholeheartedly hail and support the success and correct and constructive attitudes of the three Indochinese countries, clearly stated in the joint communique of the 13th conference of the foreign ministers of the three Indochinese countries and in the joint communiques of the 12th and 11th conferences. The Lao people pledge to do everything within their power to support the tendency toward negotiation between the countries in the Indochinese and ASEAN groupings to settle the Cambodian issue and other regional problems peacefully to make a noble contribution to the common cause of the struggle for peace and international cooperation and for peaceful coexistence and human progress.

SISAVAT KEOBOUNPHAN EXPLAINS DRAFT DEFENSE BILL

BK201359 Vientiane Domestic Service in Lao 0430 GMT 18 Aug 86

[Text] The first conference for studying the draft National Defense Bill was held on 10 August in Saithani District, Vientiane municipality, with the participation of representatives from various districts, cantons, and mass organizations.

On the afternoon of 15 August, Sisavat Keobounphan, secretary of the party Central Committee and of the Vientiane Municipal Party Committee, addressed the conference which proceeded in a joyous and cordial atmosphere. He clearly explained the importance of the draft National Defense Bill formulated by the party, state, and the National Defense Ministry. This bill was adopted as a move to translate into practice the spirit and contents of the ninth resolution of the third session of the party Central Committee in connection with the party's national defense and public security line. Sisavat Keobounphan also suggested the direction and detailed methods to the representatives for organizing and guiding the implementation of the bill in their localities and for contributing to perfecting it in the future.

About 5,500 Vietnamese were in April moved to Phanat Nikhom from Sikhiu camp in Nakhon Ratchasima which was previously used to shelter Vietnamese refugees. The camp was closed by the ministry at the end of April as part of the policy to consolidate camps under its control.

According to UNHCR, there were about 10,000 Vietnamese, Loatian and Khmer refugees who were accepted for resettlement and awaiting departure at Phanat Nikhom as of June.

UNHCR Representative Gerald Walzer said in an interview with THE NATION that his organization will comply with the Interior Ministry to cut cash payment to its refugee workers.

Walzer said UNHCR hires about 160 refugees mainly as assistants in documentation and translation of the resettlement process and monitoring food distribution in the UNHCR-assisted camps.

However, he said he will have further discussions with the Interior Ministry's officials about maintain payment for some highly skilled refugee workers whose services are indispensable for the UN agency.

He said some refugees are physicians and language teachers at Phanat Nikhom. UNHCR considers the monthly 300 baht compensation as moral support for the professional refugees.

The UNHCR also said more refugees will be encouraged to participate in the day-to-day activities in the camps as a policy to make them self-reliant.

"We need to avoid refugees becoming permanent "welfare beneficiaries." We know from experience that the longer refugees are assisted in the camps, the harder it is for them to reinstate [as published] into normal life, whether this be upon return home, or in their countries," the UNHCR representative said.

He said he believes that refugees should take as much responsibility as possible for such matters as education, sanitation, public health, and social services.

FINANCE MINISTER REVEALS FISCAL PROBLEMS, DEFICIT

BK200411 Bangkok BANGKOK POST in English 20 Aug 86 p 13

[Text] The government's fiscal position is facing big problems as the cash deficit this fiscal year is likely to be over 50,000 million baht, it was officially revealed for the first time by Finance Minister Dr Suthi Singsane yesterday.

"Not only this fiscal year, but I would like to say that we will also be in trouble next year and we will have to work very hard to solve the problems," he said.

Dr Suthi yesterday met with his deputies and top officials of the Finance Ministry to consider the country's fiscal position.

He said next fiscal year's trouble would result from this year's problems.

Deputy Finance Minister Dr Suphachai Phanitchaphak admitted that the revenue short fall in this fiscal year was "enormous" because of the economic recession.

"The sharp decline in imports also adversely affected the government's revenue," he added.

Dr Suthi said all officials at the meeting shared the view that the government's fiscal position is in big trouble.

"However, it cannot be concluded yet as to the amount of deficit the government will suffer because we have to wait for revenue from the mid-year corporate tax payment this month and income tax payment next month," Dr Suthi said.

But the estimation, based on the revenue collection and the expectation of revenue to be earned, is certain that the adjusted amount of borrowing approved by the cabinet of the last government would not be sufficient to offset the deficit.

During the Prem IV government, the cabinet allowed the Finance Ministry to borrow 33,000 million baht from the domestic market, as it was expected at that time that the revenue shortfall would be around that figure.

However, the cabinet later approved a request of the Finance Ministry to increase the domestic borrowing to 46,000 million baht as the revenue shortfall tended to be higher than the initial expectation.

"But I can say, based on the estimation, that the amount of 46,000 million baht will not be sufficient," he said.

He expressed his concern that the huge shortfall would cause severe effects next fiscal year.

"I have instructed all top officials concerned to study the causes of this year's problems and work out methods to solve them," Dr Suthi said.

Dr Suphachai said that the problem of the poor fiscal reserve position was not solved by only borrowings.

"We may transfer funds from other sources, including funds out of the budget, to help improve the fiscal reserve position," he said.

The other method, Dr Suphachai said, was for the Finance Ministry to order provincial fiscal officials to speed the procedures in remitting revenues to the Finance Ministry.

When asked if the revenue shortfall in the next fiscal year would be as serious as this year, Dr Suphachai said, "we cannot say anything yet, we have to wait for the new policy of the government. After the government's policy is announced, we will know the policy concerning the investment of state enterprises, and its fiscal and monetary measures to stimulate the investment."

He noted that if these policies were favourable, they would improve the investment atmosphere. "If the investment of private sectors increased, the government's revenue will be higher too," he added.

He said that the Bank of Thailand would also be instructed to set up guidelines for commercial banks to encourage more investments in the private sector.

PHICHAI APPOINTS MP DEN, OTHERS AS SECRETARIES

BK200249 Bangkok BANGKOK POST in English 20 Aug 86 pp 1,3

[Excerpts] Deputy Premier and Democratic Party leader Phichai Rattakun has appointed Pattani MP Den Tomina as his secretary.

Party sources said Mr Phichai made the appointment yesterday in an attempt to appease Muslim Democrat MPs, who have voiced dissatisfaction at the party's failure to secure for them one Cabinet post.

Mr Den's appointment has been sent to Prime Minister Prem Tinsulanon for final approval, party sources said.

The offer is not, however, expected to have any effect on moves by some Democrat MPs from the South, Central region and Northeast to grill Mr Phichai again over his one-on-one meeting with Gen Prem over Cabinet posts. [passage omitted]

Some southern MPs have been critical of Mr Phichai and the party for its failure to secure a Cabinet post for a Muslim MP.

The Pattani MP met with Mr Phichai on Monday morning, the sources said.

Mr Den told the POST yesterday, however, that he has yet to accept the post and needs to consult the four MPs from the border provinces before announcing his decision, probably by Friday.

Mr Den said he told Mr Phichai there were others in the party who wanted the post, and if Mr Phichai would be placed in a difficult position, he need not offer the post to him. [passage omitted]

In a related development, Democrat sources said a group of Muslim religious leaders in Pattani plan to send a letter to Gen Prem asking why a Muslim was not selected for a Cabinet post.

The sources said the Muslim leaders were unhappy because of the omission. They did not say, however, when the letter would be sent.

The Democrats also made former Young Turk Col Bunsak Phocharoen (Sing Buri) secretary to Agriculture Minister Gen Han Linanond, and Suphatra Matsadit (Nakhon Si Thammarat) secretary to Deputy Agriculture Minister Suthep Thuaksuban.

Other appointments include: Narong Nunthong (Nakhon Si Thammarat), secretary of Education Minister Marut Bunnak; Sitthiphon Phopphet (Surat Thani), secretary to Science Minister Banyat Banthattan; Chaturon Chairsaeng (Chachoengsao), secretary to Deputy Finance Minister Suphachai Phanitchaphak; Akhom Engchuan (former Krabi MP), secretary to Deputy Science Minister Phichit Rattakun. Ms Suphatra said that she is considering the position.

The Nakhon Si Thammarat MP said that she really wanted to work in Parliament but was urged to take up the post by Mr Phichai and Gen Han.

Ms Suphatra said that if she accepted the spot she would not be able to work in Parliament as she had hoped. Ms Suphatra had planned to work in the House Affairs Committee.

THAI CHARGES OF MILITARY INTRUSIONS REJECTED

BK211455 Hanoi Domestic Service in Vietnamese 1430 GMT 21 Aug 86

[Text] According to Western sources, on 20 August 1986, the Thai Foreign Ministry falsely accused Vietnamese Army volunteers in Cambodia of intruding into Thai territory and firing at a bus, wounding the driver and three passengers. The spokesman for the Thai Army also falsely charged Vietnamese forces with attacking an observation post of the Thai Army lying 1.5 km inside Thai territory and wounding two Thai border patrolmen. VIETNAM NEWS AGENCY is authorized to categorically reject these ill-intentioned fabrications.

HANOI PARTY DRAFT POLITICAL REPORT PUBLISHED

BK211019 Hanoi VNA in English 0850 GMT 21 Aug 86

[Text] Hanoi VNA August 20 -- In preparation for the 10th Party Congress of the capital city and the 6th National Congress, the Executive Committee of the Hanoi Party Committee has published its draft political report to provide the groundwork for discussions at current grassroots level congresses in the capital. The draft political report lists the following important successes of Hanoi in the past five years:

-- Annual industrial growth rate from 1981 to 1985 was 10.5 per cent (12.7 per cent in 1983-85).

-- In agriculture, thanks to new strains, bigger irrigation and draining capacity, the supply of more fertilizer, and the contract quota system, food productivity has increased by 8 per cent, and food delivery to the state in 1985 doubled compared with 1981. Maize yield in 1985 averaged 2.82 tons per ha, the highest in north Vietnam, up by twofold compared with 1981. Tobacco and groundnut productivity trebled compared with 1981. Hybrid pigs accounted for 80 per cent of the pig herd, which helped increase pork production by 19 per cent.

-- In the past five years, the value of exports increased yearly by 9.7 per cent, chiefly due to the socialist countries. Economic cooperation between Hanoi, Vientiane and Phnom Penh has strengthened in many respects.

On the main tasks of Hanoi in the next five years, the report calls for a quick increase in industrial production to reach 20-24 billion dong in 1990 of which consumer goods will account for 65 per cent and export goods for 20-22 per cent. Priority in consumer goods is given to textile, leather articles and garments. More attention will be paid to the food industry especially the production of instant foods, beverages and nutritious powder for children. Production of animal feeds will also be stepped up. The pharmaceutical industry, cosmetic industry and other consumer industries will be boosted to meet the needs of the population.

More attention will be paid to food production in the suburban districts in order to supply more meat, eggs and vegetables for the population in the inner districts. At the same time, more crop specialization areas will be created to supply more materials for industry and export. Food production by 1990 is targeted at 500,000 tons in paddy equivalent. Hanoi's economic relations with foreign countries will be broadened in all areas: import, export, services, particularly in its bilateral relations with the other socialist capitals.

Hanoi Committee Studies Report

OW201101 Hanoi Domestic Service in Vietnamese 1100 GMT 14 Aug 86

[Text] The standing committee of the Hanoi Municipal Party Committee held a conference with cadres in charge of various departments, sectors, services, and districts and of subordinate party organizations on 11, 12, and 13 August to study and discuss the spirit and contents of the draft political reports of the CPV Central Committee and the municipal party committee in preparation for the party organization congresses of all levels to be held prior to the Sixth Party Congress.

Delegates heard comrade leaders interpret the basic contents of the aforementioned documents and strived to grasp their spirit and salient points so that, after their return home, they will be able to guide party members and local people in studying and discussing the draft reports and contributing their views at party organization congresses at all levels as well as at mass meetings.

Along with contributing practical views on the draft documents of upper echelons, correctly assessing their own party organizations in a spirit of profound self-criticism and criticism, deciding on various tasks, specific objectives, and appropriate measures for their own units, and appointing capable and well qualified delegates to upper-level congresses, party organization congresses should also elect party organization executive committee members who can successfully guide in implementing the new heavy tasks to be set forth at the coming party congress.

POPULATION PLANNING COMMITTEE REVIEWS WORK

OW171001 Hanoi Domestic Service in Vietnamese 1100 GMT 15 Aug 86

[Text] Today, 15 August, the National Population and Family Planning Central Committee met in Hanoi to review its efforts to achieve rational population growth and family planning in the 5 years from 1981 to 1985, and to discuss guidelines and tasks for the next 5 years, from 1986-1990, in accordance with the spirit of the draft political report of the CPV Central Committee.

Over the past 5 years our country's population registered an approximate annual growth of 1.3 million people, although conditions concerning land, natural resources, material and technical bases, and production capacity failed to meet the requirements for a population surplus. This is a cause for real concern for all of us, and primarily for those party committee echelons, administrations, and mass organizations which must be held responsible for this failure.

Given the actual conditions, the committee has devised strategic guidelines for our country's population: Planning a population growth in harmony with our ecosocial development capabilities for each planning period and moving toward achieving a rational population structure. Meanwhile, manpower deployment to various regions should continue so that the work force is compatible with land and natural conditions. The next objective to be attained in the movement is to speedily decrease birth and population growth rates in several 5-year plans. The objective for the current period is: To achieve one to two children per family, to have births further apart, and to have births after 22 years of age.

The conferees commended those sectors and localities which in the past have taken positive action in the desired direction. Meanwhile, they sternly criticized those sectors and localities that have not paid due attention to the problem.

The following localities have registered a population growth of less than 1.7 percent: Ho Chi Minh City, Hanoi and Haiphong municipalities, Thai Binh, and Quang Nam-Danang. Those with a 1.7-2 percent population growth are Cao Bang, Lang Son, Bac Thai, Quang Ninh, Hai Hung, Nghia Binh, Phu Khanh, Dong Nai, Vung Tau-Con Dao, and Long An. Those with a still high population growth, 2.3-3.4 percent, are Son La, Vinh Phu, Thanh Hoa, Nghe Tinh, Binh Tri Thien, Thuan Hai, Dac Lac, Gia Lai-Cong Tum, Lam Dong, Tien Giang, and Hau Giang. Birth rates in the past 2 years, instead of decreasing, have increased in the following provinces: Nghe Tinh, Thanh Hoa, Tien Giang, Vinh Phu, Cuu Long, Kien Giang, and Son La. The rational population growth and family planning movement seems to be making no headway in Ha Son Binh, Dong Nai, Song Be, and Binh Tri Thien.

In those localities where the movement has been carried out well, this is due to the effective leadership of party committee echelons and the close guidance by the comrade chairmen and vice chairmen of provincial or municipal people's committees, and the positive work of the National Population and Family Planning Central Committee, the mass media, and mass organizations, which made the people voluntarily join in carrying out the movement.

PEOPLE'S COUNCILS REVIEW PAST ACTIVITIES

BK181609 Hanoi Domestic Service in Vietnamese 0500 GMT 16 Aug 86

[Text] Implementing the Council of State Order, since late June 1986 people's councils in 34 provinces, municipalities, and special zones directly subordinate to the central government have held conference to review tasks and activities of people's councils at various levels during the past period. The peoples councils analyzed achievements, shortcomings, and other effects. The conferences discussed and adopted various tasks to ensure the people's councils for correctly carrying out their functions, tasks, and authority as defined by the Constitution and the law on organization of people's councils and committees.

On this occasion, the people's councils also discussed and contributed ideas to the draft regulations on activities of people's councils at various levels. Since the beginning of the current terms, people's councils have made more progress in their activities as compared to the previous term. They have regularly held conferences in accordance with the prescribed law and schedules, while preparing documents for these conferences more satisfactorily. People's committees in some places sent reports and proposals to people's councils delegates for study prior to their conferences. Various committees of the people's councils have improved further; many committees, including secretariats of people's councils in some localities, have carried out their tasks actively and effectively, thereby contributing to accelerating activities of the people's councils as a whole. Various units of the people's councils have paid special attention to strengthening relations between councillors and voters, holding meetings according to set schedules,, and contributing to quickly solving the people's complaints and denunciation.

Chairmen of people's committees in some provinces and cities have designed tasks and activities with the help of various people's committees and have consistently coordinated with these committees to implement these tasks. However, some people's councils have carried out their activities slowly and have not met set requirements.

The cause of this shortcoming is lack of full understanding by some people's councils of their authority as well as carelessness in organization and activity of various people elected organizations. Moreover, some party committees even engrossingly carried out the work of the administration and undemocratically nominated candidates to people-elected organizations. Some people's committees have not realistically respected the people's councils and unscrupulously implemented laws, while many people's councillors have not fulfilled their responsibilities. Various echelons of party committees and the administration have not fully paid attention to fostering councillors' background regarding their duty, authority, and work method.

To improve the effectiveness of people's councils, various councillors stressed that all people's councils must consistently strengthen and promptly develop all their activities, satisfactorily prepare for and ensure success for all conferences with positive participation of various committees of the people's councils, discuss and decide on concrete problems to accelerate production and gradually improve the people's material and cultural lives, and strengthen socialist law and assist state organizations to fulfill their tasks, thereby contributing to helping people's councils at various levels to exercise correctly their duties, functions, and authority.

Comrades Le Thanh Nghi and Huynh Tan Phat, vice chairmen of the Council of the State, attended the conferences of the people's councils of the Vung Tau-Con Dao special zone and Long An Province. They also inspected the activities of people's councils of various echelons in Dong Thap and Kien Giang Provinces.

At present, people's councils at various levels in districts, precincts, subwards, and villages are reviewing their activities. This review to draw on experience is a concrete task to implement the directive of the party Central Committee Secretariat to accelerate the criticism and self-criticism drive in order to contribute to consolidating local administration and making preparations for party organization congresses at various levels.

STORM, CROP PESTS DAMAGE AUTUMN RICE CROP

BK211058 Hanoi International Service in English 1000 GMT 21 Aug 86

[Text] By mid-August, Vietnamese peasants throughout the country had planted about 2 million hectares of autumn rice, about 70 percent of the target. The storm Peggy in July submerged or destroyed 40,000 hectares of autumn rice in northern Vietnam, but thanks to great efforts of peasants and all branches concerned, 25,000 hectares of submerged rice were saved. Besides, efforts are being made to protect summer-autumn and autumn rice from crop pests, which are affecting some 150,000 hectares in northern Vietnam.

AUSTRALIABUDGET CUTBACKS FORCE PULL-OUT FROM U.S. EXERCISE

BK180915 Melbourne Overseas Service in English 0830 GMT 18 Aug 86

[Text] Budget cutbacks have forced the Australian Defense Department to defer participation in the joint military exercise with the United States. The exercise called "(Code Summer)" is being staged next month from America's Clark Field Airbase in the Philippines. A spokesman for the defense minister, Mr Beazley, says the deferral of Australian Air Force's participation in the exercise has been caused by resource constraints. The spokesman says it is not connected with federal government concern over American subsidized farm exports.

At the weekend, the foreign minister, Mr Hayden, said the sale of subsidized agricultural products by America could affect Australia's defense commitments to the alliance.

The air force will take part in the next series of air defense exercises in May next year. The decision is expected to save about \$10 million.

TREASURER KEATING PRESENTS 'STRINGENT' 1986 BUDGETSpending Slashed, Taxes Raised

BK191130 Melbourne Overseas Service in English 1100 GMT 19 Aug 86

[Text] The Australian Government has slashed spending and raised several taxes in the budget handed down a short time ago. The treasurer, Mr Keating, has predicted a budget deficit of just over \$2,200 million [currency not further specified] -- down from more than \$3,500 million last year.

Mr Keating said the government had been forced to make the cuts because of fall in export earnings. He said Australia's commodity earnings had dropped remarkably in the past year, forcing all Australians to take a substantial cut in living standard.

Overseas aid is to be cut by more than \$88 million, but defense spending is to be increased by 1 percent in real terms. The hardest cuts are to be made in the government's spending on social welfare and education. It has decided to defer pension increases and reintroduce fees for tertiary students. New Zealanders will no longer be automatically eligible for unemployment benefits. Increases are to be made in sales taxes and a large number of luxury goods. Wines and petrol tax is to be increased.

Mr Keating described the budget as being the most stringent for more than 25 years (?within) response to the sharp fall in Australian export earnings as a result of the collapse of international commodity prices.

The treasurer is still giving details of the budget to federal Parliament, and full details will be given in our next news bulletin.

Trade Decline Forcing Austerity

BK191326 Melbourne Overseas Service in English 1200 GMT 19 Aug 86

[Text] The Australian Government has slashed spending and raised several taxes in the national budget presented to Parliament. The treasurer, Mr Keating, says the move has been forced on the government because of a dramatic fall in the country's terms of trade. He told Parliament that falling commodity prices meant all Australians must take a substantial cut in living standard. Radio Australia's national affairs correspondent, Tony Hill, reports from Canberra:

[Begin Hill recording] The government has cut back the budget deficit by more than \$2,200 million [Australian dollars] to around \$3,500 million. Government borrowing has been cut back by a similar amount. There are cuts in social security, health, and education. And in foreign aid, multilateral aid has fared the worst. Overall, the aid budget has lost \$140 million. Defense spending has stayed just ahead of inflation.

The government has also resumed the sale of uranium to France, originally suspended because of French nuclear testing in the South Pacific.

Australia's current account deficit grew by about \$1,000 million a month last financial year, and the country's gross foreign debt rose to \$86,000 million. The government says the external account deficit will worsen over the next 12 months. It will be seeking wage restraint and forecasts a rise in unemployment on last year's average of almost 8 percent and a continuing level of inflation, also around 8 percent.

Overall, the government says the economy in 1986-87 will be adjusting to the major deterioration in the country's terms of trade and the large depreciation in the Australian dollar. [end recording]

NEW ZEALAND

MAJORITY WANTS FULL ANZUS ROLE, END TO NUCLEAR BAN

HK210804 Hong Kong AFP in English 0723 GMT 21 Aug 86

[By Ray Lilley]

[Text] Wellington, Aug 21 (AFP) -- A slim majority of New Zealanders has supported a return to a full role in the ANZUS defence alliance and dropping of the country's anti-nuclear warship ban in a poll carried out by the government's Defence Review Committee. But the committee said such a policy would "deeply divide" the country and said its preferred option was to have New Zealand inside the ANZUS defence alliance "but separated from all nuclear aspects" of the pact.

"The government's unconditional anti-nuclear stance has in any case ruled out this (full ANZUS relationship) option," the committee said in its report released Thursday.

The Labour government of Prime Minister David Lange has rejected nuclear warship visits for the past two years and for its action has been suspended from ANZUS by the United States.

In an independent poll conducted for the committee 52 per cent of New Zealanders favored a return to full ANZUS status. Another 44 percent "preferred to withdraw from ANZUS rather than accept the nuclear ship visits," the review noted.

The inflexibility of both the United States and New Zealand had "not permitted this option (being recommended) in practice," the report said.

The public opinion polls were conducted in April-May, before the United States suspended New Zealand from active ANZUS partnership.

The committee said it did "not make a demand or construct a policy on the basis of the poll result, because it took note of the fact that 44 percent of people vigorously opposed it." "We were very anxious to not add further division to the society which is already divided over a range of matters." The committee, led by former foreign affairs secretary Frank Corner, also had as members former Army Chief of Staff General Brian Poananga, Quaker and sociologist Ken Clements and scientific policy specialists Diane Hunt.

Mr Lange said the main recommendations of the review were "totally in accord with the government's position." He said the review's "emphasis on the Australian relationship is particularly significant" and the key to New Zealand's collective defence.

The committee said the most promising defence option would be an extension of the New Zealand defence relationship with Australia.

Said Mr Lange: "New Zealanders believe in collective security. New Zealanders believe in conventional defence. New Zealanders reject a nuclear option. New Zealanders feel safer without nuclear armaments, and New Zealanders are clearly placed in the Pacific and do not see themselves as being part of a global nuclear strategy."

Other public opinion poll data from the committee shows 72 per cent of those surveyed want alliance connections with larger countries, but 73 percent -- and many of them the same people -- want nuclear-free arrangements.

Mr Lange said the number of people opposing nuclear warship visits was "a very high proportion." "It is extraordinarily useful to have government statements which were treated with some scepticism turn out to have such reinforcement from such an objective group." "I don't think Non-alignment runs in New Zealand. I don't think neutrality runs in New Zealand. We are not in New Zealand so foolish to think we have the resources...to have a high degree of self-reliance," Mr Lange said.

The review recommends "serious attention be paid to maintaining and developing well-trained, professional and well-equipped Armed Forces capable of cooperating with friends." It said the "present benign strategic environment" meant defence spending need not be a heavy burden. But its level should "enable the Armed Forces to play their part in the (South Pacific) region, to retain the respect and cooperation of Australia, and to reassure New Zealanders."

Mr Lange said the full defence review which would now take place would reflect "the reality that New Zealand no longer has an operative defence relationship with the United States." But it would not rule out the possibility "that some time in the future the United States may allow the resumption of a non-nuclear alliance relationship."

MP HOPES LUGAR WILL 'LEAVE CALM' IN NATION

BK181531 Hong Kong AFP in English 1509 GMT 18 Aug 86

[Text] Jakarta, Aug 18 (AFP) -- Indonesia welcomes the upcoming visit of U.S. Senate Foreign Relations Committee Chairman Richard Lugar, but he should not leave a "time bomb" here as he did in Pakistan, a leading Moslem parliamentarian said Monday. Deputy chairman of the Inter-Parliament Cooperation Board, Amin Iskandar, said in an interview that he hoped Mr. Lugar, who is scheduled to visit Indonesia later this week, will "leave calm" behind him when he leaves Indonesia. He said he was referring to Mr. Lugar's earlier visit to Pakistan in which he had openly advised Islamabad to hold new elections, a move advocated by President Ziaul Haq's opponent, Benazir Bhutto.

Mr. Iskandar, who is also a member of the parliamentary Committee on Foreign Relations said the current political unrest in Pakistan may have been partly sparked by what Mr. Lugar said. "I hope he doesn't do the same here," Mr. Iskandar said, leaving a "time bomb behind which might later disrupt political, economic and cultural stability in Indonesia. Mr. Lugar, who is now in the Philippines, is tentatively scheduled to arrive in Indonesia Thursday on a fact-finding mission. A U.S. Embassy spokesman said it was the Indiana Republican's first visit to the country, and added that his itinerary had yet to be finalized.

MOKHTAR SUPPORTS CALL FOR TRIAL FOR POL POT

BK150956 Jakarta MERDEKA in Indonesian 9 Aug 86 PP 1, 11

[Text] Jakarta, Friday [8 August] MERDEKA -- Foreign Minister Mokhtar Kusumaatmaja has welcomed Australian Foreign Minister Bill Hayden's proposal that former Cambodian leader Pol Pot be tried before a special tribunal to account for his crimes of massacring hundreds of thousands of Cambodians.

"It would be good for the proposal to be implemented, but, it is indeed difficult to do so," Foreign Minister Mokhtar said at his weekly press conference at the Foreign Affairs Department at Pejambon, Jakarta on Friday.

Mokhtar did not further comment on this proposal. However, Mokhtar answered: "Oh,...maybe. Please ask Prince Sihanouk!" when the newsmen asked about Prince Norodom Sihanouk's different opinion of the proposal.

During the ASEAN foreign ministers meeting in Manila last month, Australian Foreign Minister Bill Hayden proposed that a special tribunal be set up to try the former Khmer Rouge leader.

Hayden said that Pol Pot is the greatest obstacle to efforts to find a peaceful solution to the Cambodian crisis. Hayden said that efforts to put Pol Pot on trial will enhance the prospects for peace in Cambodia which has been torn apart by war for years.

The cruel Pol Pot regime massacred hundreds of thousands of Cambodians from 1975 until it was overthrown by invading Vietnamese troops in 1979.

The Khmer Rouge are the largest faction of the ASEAN-supported CGDK led by Prince Norodom Sihanouk.

Asked about a proposal by the Singapore and Malaysian foreign ministers that an international peacekeeping force be deployed in Cambodia, Foreign Minister Mokhtar said that such a force is not needed, at least for the time being.

Mokhtar later disclosed that Prince Sihanouk will arrive in Jakarta on 19 August for a 3 or 4 day visit.

According to Mokhtar, Prince Sihanouk will meet President Suharto to exchange views on the settlement of the Cambodian issue.

On Philippine President Cory Aquino's visit on 24 August, Foreign Minister Mokhtar refused to elaborate on the talks schedule between President Aquino and President Suharto. However, Mokhtar stressed that Indonesia will fully support the Philippines' application to become a member of the Nonaligned Movement.

MOKHTAR ON SINGAPORE TOUR; SHEVARDNAZDE VISIT

BK151250 Jakarta Domestic Service in Indonesian 1200 GMT 15 Aug 86

[Text] In Singapore yesterday, Foreign Minister Mokhtar Kusumaatmaja and his Singapore counterpart Supiah Dhanabalan discussed the latest development in Cambodia and other issues related to ASEAN cooperation. During the meeting, Dhanabalan briefed Mokhtar on the recent visit of Cambodian leader Prince Sihanouk to Singapore. Speaking to newsmen in Jakarta today, Mokhtar said that Dhanabalan's briefing was useful in view of the upcoming visit of Prince Sihanouk to Indonesia on 19 August. During his 1-day visit to Singapore, Mokhtar also met with Singapore Prime Minister Lee Kuan Yew and discussed with him preparations being made for the ASEAN summit meeting in Manila next year. Lee Kuan Yew said the ASEAN summit is well-timed to assess the achievements of ASEAN and to decide on what further actions the regional grouping must take in the coming years. Replying to a question on the planned visit of Soviet Foreign Minister Shevardnadze to Indonesia, Mokhtar said he did not know the details, but he speculated that such a visit would be returning the Indonesian foreign minister's visit to the Soviet Union a few years ago.

CGDK'S SIHANOUK ARRIVES FOR 4-DAY VISIT, TALKS

BK191345 Jakarta Domestic Service in Indonesian 1200 GMT 19 Aug 86

[Text] CGDK leader Prince Norodom Sihanouk flew into Jakarta this evening for a 4-day visit to Indonesia. Prince Sihanouk arrived aboard a Boeing aircraft from Bangkok and was welcomed at the airport by Defense and Security Minister Surono, Foreign Minister Mokhtar Kusumaatmaja, and ambassadors of ASEAN countries.

Prince Sihanouk told newsmen he will exchange opinions with Indonesian leaders concerning efforts to resolve the Cambodian problem. The Cambodian leader will pay a courtesy call this evening on President Suharto at the Merdeka Palace. He will also hold a special meeting with President Suharto tomorrow morning at the Merdeka Palace. Prior to this, he will meet with Foreign Minister Mokhtar Kusumaatmaja in Jakarta.

While in Indonesia, Prince Sihanouk, who is accompanied by two of his [word indistinct], will visit a steel factory in Ceribon, a Buddhist temple at Suntra, north of Jakarta, and the Ancol Fantasy World Park.

Talks Held on Cambodia**BK200737 Jakarta Domestic Service in Indonesian 0600 GMT 20 Aug 86**

[Text] CGDK leader Prince Sihanouk and Foreign Minister Mokhtar Kusumaatmaja today held talks for more than an hour on ways to solve the Cambodian problem. Speaking to newsmen after the talks, Mokhtar said that both sides are determined to comprehensively solve the problem. Prince Sihanouk will give full details of his efforts to solve the Cambodian problem at a press conference in Jakarta this evening. Both Mokhtar and Prince Sihanouk declined to elaborate on details of the talks held this morning. Meanwhile, according to an AFP report, Prince Sihanouk visited Thailand before coming to Indonesia. The prince earlier visited Singapore on 6 August and is scheduled to visit Malaysia on 22 August after winding up his Indonesian tour.

SUHARTO DELIVERS NATIONAL DAY ADDRESS**BK151210 Jakarta TVRI Television Network in Indonesian 0207 GMT 15 Aug 86**

[President Suharto's National Day speech broadcast live from the Parliament Building in Jakarta 15 Aug]

[Excerpts] Peace be upon you! Honorable chairman, vice chairmen, and members of the House of Representatives! My happy compatriots! Ladies and gentlemen!

In accordance with the tradition we have developed over the past 20 years, the House of Representatives convenes its session this morning in a solemn and noble atmosphere to commemorate Indonesian Independence Day 17 August 1986. [passage omitted]

My compatriots! We were facing enormous socioeconomic stagnancy when we entered the New Order era early in 1966 following the national tragedy -- a rebellion launched by the 30 September Movement of the Indonesian Communist Party. We accepted this reality and began carrying out gradual and systematic reforms in all fields through patient, persevering, and hard work under Pancasila and the Constitution of 1945.

We were courageous enough to totally correct our past mistakes and preserve national life under Pancasila and the 1945 Constitution. In the field of ideology, we have recorded basic progress conducive to the future journey of our nation and our national survival. In 1966, we decided at a general session of the Provisional People's Consultative Assembly to adopt Pancasila as the basis for the rule of law in the country. To implement Pancasila for all Indonesians and achieve a Pancasila society, we later on instituted the Directive on the Perception and Implementation of Pancasila and reaffirmed development as a means of implementing Pancasila. We even reaffirmed that Pancasila is the sole ideology for every political and mass organization in the country.

In the political field, we have succeeded in simplifying our political structure and enriching our new political values. As prescribed in the Constitution, a general election is held every 5 years to govern the mechanism of national leadership.

Under Pancasila, we have enjoyed political stability for a long period. This has in turn allowed us to concentrate on development. We have achieved great successes in the economic field thanks to dynamic stability and the hard work of all the people in carrying out development.

As a nation, we have elevated ourselves as a low-income nation to a middle-income nation and as the world's largest rice importer to a nation self-sufficient in rice. We have built many primary school buildings which make it possible to accept all school-age children, the number of which increases every year. We have implemented development throughout our vast fatherland, especially through programs directed under presidential instructions for villages, districts, and provinces. We have built dams and power plants as economic infrastructure and to improve people's welfare. We have built up the communication infrastructure to further strengthen national unity and integrity. In addition, we have also developed industries -- from simple ones to ones using modern sophisticated technology. [passage omitted]

Honorable ladies and gentlemen! In accordance with the development concept prescribed in the Broad Outlines of State Policy, our development is not designed merely to achieve growth since growth alone often brings injustice. Indeed, social justice is the goal of national independence as we have proclaimed. This being the case, we are implementing development through the three development strategies designed to evenly distribute development on the path to social justice, growth, and national stability. We reaffirmed in 1983 that our national development is nothing but a means of implementing Pancasila to prevent deviation from the goals of the Proclamation of the Independence of the Republic of Indonesia based on Pancasila. However, we also realize that no matter how noble our development concept would be, development must be implemented by taking into account existing facts and problems. Thanks to our realistic and farsighted attitude and loyalty to Pancasila, we have achieved encouraging successes after undergoing political and economic stagnancy which reached its climax with a rebellion launched by the September 30 Movement of the Indochinese Communist Party. The need for a realistic and farsighted attitude and loyalty to Pancasila are a valuable lesson we have learned during our journey as a nation.

Compatriots! At present we are once again facing serious challenges in the economic field after scoring preliminary successes in our development efforts during the First, Second, and Third 5-Year Development Plan [Repelita]. The challenges are getting more and more serious especially at a time when we are preparing the framework of development during the Fifth Repelita to enable us to reach the take-off stage of development during the Sixth Repelita. This will speed up the realization of our ideals enshrined in the 1945 proclamation of independence, namely the realization of a just and prosperous society based on Pancasila.

We have actually begun to feel the challenges and pressures in the economic field since the 1st year of the Fourth Repelita. These challenges stemmed from the unfavorable global economic situation and are largely beyond our expectations. Besides the world economic recession, which resulted in declining demand for our oil and gas exports, the steep drop in oil prices on the international market in recent months has had a serious impact on state revenues.

We forecast such unfavorable scenarios. Therefore, in my earlier National Day speeches, I always warned all of you of the seriousness of the challenges we face now and in the coming years. I have repeatedly addressed this honorable session and warned that we should never depend on oil and gas commodities alone as our main income because this will create long-term problems in our national development. [passage omitted]

Honorable session! When the parliament and government jointly prepared the 1986-87 state budget, we were all aware that oil prices would go down. However, the price decrease was indeed a steep one and was coupled with uncertainties whether the price would dive further down or return to normal.

In a situation full of uncertainties, to be realistic means we must brace ourselves for the worst possible situation and do our best to cope with such a situation. As far as the oil prices are concerned, our urgent task is to appeal to oil-producing countries in general and OPEC member countries in particular to make joint and sincere efforts toward reaching a reasonable and stable oil price level, which will benefit not only producing countries, but all countries in the world. We are relieved to know that the latest OPEC meeting was able to reach an agreement on the member countries' production quotas and we hope that all OPEC member countries will sincerely adhere to the agreement so that oil prices may return to normal. Experience during the last few months has shown us that the oil price decrease has largely been brought about by the attitude of the oil producing countries. Based on this bitter experience, we must continue to make new efforts and work hard to boost our state revenues from nonoil and nongas commodity exports. [passage omitted]

We will continue to make efforts to create a stable climate favorable to foreign investors to take part in our development through capital investment and joint ventures. We will also continue to make use of foreign soft loans from the Intergovernmental Group on Indonesia, IGGI, and other international finance organizations. [passage omitted]

We have developed a political system which supports national development in the widest sense of the word. Furthermore, the development of the political system itself is a vital part of our national development. The political system that we develop must be able to maintain political stability and national unity which will in turn support economic development. Such a political system must guide us toward a society which is suitable to the ideals of our independence. The political system we have developed to serve our needs is Pancasila democracy. Within such a system, Golkar [Functional Group] and the two political parties, which have each adopted Pancasila as their sole principle, and the Indonesian Armed Forces, with its dual functions as stabilizer and dynamist, are expected to play their roles effectively as forces for development. Under Pancasila democracy, we have and will enjoy political stability for a long period of time.

The 1987 general election will be the first election since we decided to adopt Pancasila as the sole principle in our national and social life. The three participants contesting the next general election have each adopted Pancasila as their sole principle. This means that the upcoming general elections will no longer be under the shadow of ideological conflicts and uncontrollable religious emotions which have caused traumatic scars in our society. The adoption of Pancasila as sole principle by the three election contestants means that the coming general election will be a fresh and inspiring festival of democracy because each contestant will offer development programs to suit the people's wishes. The people will decide which of the three contestants' ideas are most convincing. [passage omitted]

When we compare our national experience with that of other countries now facing serious upheavals due to social, cultural, and religious conflicts, we are relieved to see that our social, cultural, and religious reforms are aimed at national unity and integrity. Had we not made practical application of Pancasila, we too would have undergone major and protracted upheavals in the social, cultural, and religious fields like those still being faced by several independent nations. [passage omitted]

In the area of foreign relations, with the growing success of our economic and development programs, we can gradually direct our active and independent foreign policy toward the implementation of our higher tasks -- namely a greater role for the realization of a world order based on freedom, everlasting peace, and social justice -- by concentrating our efforts to the nearby regions, especially Southeast Asia.

Our regional organization ASEAN will be 20 years old next year, and God willing, we will celebrate that occasion with our summit conference in Manila. At that summit, we will discuss further consolidating ASEAN which has been contributing greatly to the regional stability and to the progress of its member countries. We will also participate actively in the upcoming nonaligned summit conference in Harare to further consolidate the Nonaligned Movement's position as a leader in the movement toward world peace and the joint struggle for economic development at a time when the global economic situation has been continuously unstable in recent years. We also strongly condemn the racist and apartheid policy being arrogantly practiced by South Africa -- this heinous policy is clearly at odds with humanitarianism and justice. [passage omitted]

MAKHMUD SEES NO NEED TO REVIEW PRESIDENT'S TERM

BK191308 Jarkata THE JAKARTA POST in English 13 Aug 86 P 1

[Text] Jakarta (JP) -- House speaker Amir Makhmud said here Tuesday [12 August] that he did not see any need to review the 7th chapter of the 1945 Constitution about the Indonesian presidency.

The parliamentary chief said "the founders of the republic looked carefully into the future of this nation before formulating the president institution."

Citing the chapter of presidency, Amir Makhmud said the president and vice president of Indonesia "can be reelected after five years...but that also depends on their willingness."

He added that the 1945 Constitution does not stipulate that an Indonesian president should be a "president for life." But the constitution does not limit the terms of the president either," the House speaker noted.

What is important is that a president should carry out the people's mandate accordingly. "If a president cannot be responsible to the parliament it is clear that he will not be reelected," Amir Makhmud said.

The House speaker made these comments here Tuesday morning when receiving a delegation of North Sulawesi political parties which expressed a joint declaration calling for the reappointment of President Suharto.

The delegation was led by F. Sumampouw the North Sulawesi Golkar chairman who is also the chief of the provincial parliament.

Amir Makhmud further said reports about President Suharto's plan to stay forever in power are untrue.

AQUINO SPEAKS ON 3D ANNIVERSARY OF HUSBAND'S DEATH

HK210909 Quezon City Radyo Ng Bayan in Tagalog 0815 GMT 21 Aug 86

[Speech by President Corazon Aquino during commemorative rites for third death anniversary of Benigno Aquino at Manila's Quirino Grandstand -- live]

[Text] [Monitored in Progress]....on this day which is like our day of freedom. [words indistinct] He offered his life so that we would be free. When martial law was declared in 1972, thousands were arrested. Ninoy [Benigno Aquino] was one of those arrested. Many Filipinos were afraid and grew silent. Because of the fear at that time, many shut their eyes and kept silent. Ninoy did not keep silent nor did he shut his eyes, he was not afraid. He immediately [words indistinct]. At that time he clearly shouted out: Let us not be afraid. He kept repeating this, hoping it would reach the countrymen he loved. Ninoy's opinion was that the dictatorship would not prevail if people did not bend to the dictator, if orders were not followed, if no one believed the (?lies), if no one worried about the dictator's power. A dictator cannot triumph if the people do not follow him. There is no power where there are no followers. There is no one who can terrorize the people if the people are not afraid.

In the beginning, there seemed to be no one heeding Ninoy's call. But Ninoy (?did not give up). He punished his own body by means of a hunger strike. He wanted to show that the military could not threaten his nature, his principles, his spirit and his mind. He returned to his country with his eyes open, heedless of what would happen to him. One final imprisonment was [words indistinct]. He accepted all this [fwords indistinct]. It was his last appeal to his countrymen [words indistinct].

When Ninoy (?disembarked from his final flight), he saw his death in the eyes of the soldiers who came to take him away. Ninoy went with the soldiers peaceably, a final (?dedication) to his countrymen. If all his past appeals fell on deaf ears, there was no one who did not hear and feel that one gunshot. The nation awoke with the gunshot. Ninoy was right: The dictator had grown strong on the fear of the nation. [in English] We learned this lesson, both with Ninoy [words indistinct]. [in Tagalog] So let us cherish our hard-won freedom. Let us not allow the darkness to descend once again on our country. Most of all, let us not lose heart because we still have much to do. We are only beginning. Let us not return to our old habits of keeping silent and not getting involved [words indistinct]. Our new democracy is [words indistinct]. [passage indistinct]

LAUREL TO JOIN AQUINO ENTOURAGE ON U.S.VISIT

HK201439 Quezon City BUSINESS DAY in English 20 Aug 86 p 24

[Text] With his hope to become acting president during President Corazon C. Aquino's state visit to the United States doused with cold water, Vice-President Salvador Laurel said yesterday he would join the U.S.-bound presidential party.

But even in the U.S. exercise, the place of honour would not be given the vice-president who could be a mere member of the visiting party.

To another presidential assistant, former Malacanang spokesman Rene Saguisag belongs the job of setting the program for the visit.

"I will be there (in the U.S.), but I won't be the main coordinator. Rene Saguisag will be the main coordinator for the U.S. trip," Laurel said.

Before Laurel's announcement of his inclusion in the visiting presidential party, it was believed that the vice-president would be relegated to attending ribbon-cutting ceremonies on behalf of Aquino during the president's absence.

Executive Secretary Joker Arroyo, declared the president, would carry on the steering of the ship of the state by remote control -- through Arroyo -- and Laurel would be attending social functions.

The role for Laurel, the constitutional successor to presidential position in the president's absence, became controversial after he was provoked by newsmen to talk of his plan during his stint at the presidency that he had anticipated.

The plans included the removal of certain "controversial" ministers. Apparently he seemed to refer to Arroyo, Labor Minister Augusto Sanchez and Local Government Minister Aquilino Pimentel.

LAUREL, LUGAR DISCUSS LOBBY FOR AID, NOT BASES

HK201429 Manila NEWS HERALD in English 20 Aug 86 p 1

[By Vicente M Tanedo]

[Text] An influential American lawmaker yesterday suggested that Aquino government officials ask their friends in the U.S. Congress to expedite action on measures proposing additional aid to the Philippines to prevent delay and consequent disapproval of the bills.

Senator Richard Lugar (Republican, Indiana), chairman of the U.S. Senate Foreign Relations Committee, told Vice President and Foreign Minister Salvador H. Laurel about the need to lobby among "sympathizers" in the U.S. Congress.

Lugar said that all fiscal (appropriations) bills would have to be acted upon by Sept. 30. Unacted on legislation would have to be reintroduced and go through the legislative will anew.

However, Lugar said the forthcoming visit of President Aquino to Washington might help the measures calling for an additional \$400 million for the financially strapped Aquino administration to meet the deadline.

"You have a number of sympathizers in the U.S. Congress," Lugar told Laurel.

The call of Lugar at the foreign office -- described by Ambassador Rora Tolentino, press counsellor -- as a "reacquaintance affair" -- was spent partly on reminiscences.

Laurel was the first official from Southeast Asia who offered his congratulations when Lugar took over the foreign relations committee.

Lugar said that he had wanted to meet Laurel again being familiar with his (Laurel's) role in the February bloodless revolution.

Padre Faura officials said that the two did not take up the bases agreement which expires in 1991 and labor issues confronting the two governments.

Lugar, who reassured Ms. Aquino that she would be warmly received by Washington officials, was an election observer here last February.

His visit was supposed to show confidence of the U.S. Government in the Aquino government. Lugar belongs to the same Republican Party as U.S. President Reagan.

In the meantime, Laurel appointed Ambassador Rosario G. Manalo as the Philippine representative to the UN Commission on the Status of Women for a term of four years.

Ms. Manalo is the most qualified to represent the Philippines because of her "excellent performance in the past," Laurel said,

The Philippine Government yesterday made representations with the U.S. Government to order the withdrawal of the travel advisory of the U.S. Department of Transportation that questioned security at the Manila International Airport.

ECONOMIC POLICY PLAN SUBMITTED TO IMF

HK121144 Quezon City BUSINESS DAILY in English 11 Aug 86 p 2

[By Daniel C. Yu]

[Text] The Philippines has submitted to the International Monetary Fund (IMF) a new memorandum on economic policy covering the next 18 months that seeks to return domestic economic activity to the 1983 level by 1988.

The new memorandum, better known as the government's letter of intent, spells out projections for overall growth and government programs as well as deficit levels, monetary expansion and the country's balance of payments (BOP) position for the period.

Finance Minister Jaime V. Ongpin, who met with newsmen over the weekend, said the government has submitted a request to the IMF for an 18-month standby arrangement for 198 million special drawing rights [SDR] (\$238 million) and for 224 million SDRs (\$270 million) from the Fund's compensatory financing facility (CFF).

Ongpin said the request, which is expected to be submitted to the IMF board in September, would allow a substantial expansion of the Philippine economy.

The program provides for a recovery beginning the second half of the year so the gross national product (GNP), the sum total of goods and services produced, for 1986 will grow 1.5 percent over last year. Ongpin said growth of 6 percent to 7 percent has been projected for 1987.

Based on these targets, BUSINESS DAY computations indicate that by next year, if projections in the economic memorandum materialize, GNP in real terms would reach P95,623 million to P96,525 million from P90,210 million this year.

The economy by 1988, still based on a 6 percent-7 percent growth, would produce goods and services totaling between P101,360 million to P103,282 million or marginally higher than the P98,767 million in 1983, the last time the country posted growth in real terms.

The country's monetary and economic authorities in the recent negotiations with the IMF have insisted that the economy be allowed to grow in the coming years in order to offset the debilitating 10 percent drop in overall economic activity experienced during 1984 and 1985.

The setbacks during the last two years have pushed back Philippine development by seven years and the growth of the average purchasing power of the Filipinos by 10 years, bringing about the current recession.

Ongpin said the new policies are in contrast with the policies embodied in the previous standby arrangement for 1984-85 where the emphasis was on reducing inflation by limiting budgetary deficits and containing serious BOP deficits through various austere monetary and foreign exchange measures.

Under the new Philippine memorandum, public investment will be raised to 5 percent of GNP this year compared to 3.5 percent in 1985, 1.2 percent in 1984 and 1.8 percent in 1983. The 5 percent level of public investment will be maintained throughout the 18 month program up to 1988.

Ongpin said the substantial expansion in the government's development program will be accompanied by improvements in revenues and structural reforms in government financial institutions and non-financial corporations.

The national government budget deficit as a percentage of GNP will be reduced from 4.4 percent this year to 2.4 percent in 1987 and 2 percent in 1988. This is in contrast to the previous memorandum where the government budgetary deficit was limited to 1.9 percent of GNP in 1985 and 1.5 percent in 1984.

The expansion efforts to be undertaken during the period will likely result as well in the deterioration of the overall BOP position of the country.

Under the memorandum, for this year the current account will post a surplus equivalent to 0.9 percent of GNP. For 1987 and 1988, the current account will post deficits of 1.2 percent and 2 percent respectively due to an expected upsurge in import activity.

This means that the country will continue to rely on foreign borrowings substantially during the program period in order to shore up its BOP position through 1988.

The country's projected growth during the period will be accommodated by an increase of 15 percent in the monetary base this year as compared to last year's 8.7 percent rise. An annual increase of 16 percent is projected for both 1987 and 1988.

The government has also committed to maintain the level of inflation at 5 percent to 6 percent yearly during the program period or "broadly in line with international trends" on inflation.

Gross international reserves will be expanded to the equivalent of three and a half months' imports in 1986 and will be maintained at that level throughout 1987 and 1988.

The Philippine economic memorandum also covered structural reforms in the area of taxation (substantial progress was noted); reforms in the sugar and coconut sectors; restructuring of government financial institutions; and trade liberalization.

IMF MAKES 'MAJOR CONCESSION' ON CREDIT ASSISTANCE

HK210741 Manila MANILA BULLETIN in English 19 Aug 86 p 15

[Text] The International Monetary Fund has given the Philippines Government a major concession when the IMF agreed to relax one of the performance criteria that the government has to meet in order to draw the \$508 million credit assistance it is requesting from the fund.

Government documents made available to the BUSINESS BULLETIN said that the IMF has agreed "to make an automatic adjustment in the net international reserves position of the country if projected new money from official sources do not materialize."

Because of this concession, the raising by the government of fresh loans from official sources will not be a constraint in the performance criteria of the external sector, the document said.

The government earlier expressed to official creditors, like the governments of the United States, Japan, West Germany and other countries, its intention to raise some \$1.1 billion this year to finance the projected growth in the economy this year and the projected budget deficit.

But the government was able to get commitments covering only about 70 percent of its total financial requirements both from official and multi-lateral sources like the World Bank as of May this year.

Central Bank [CB] Governor Jose B. Fernandez Jr. said last week that the deficit in the country's net international reserves (NIR) will be reduced in case the government succeeds in raising fresh loans to cover up the deficit in the NIR.

He did not specify the NIR figures but documents from the IMF showed that the ceiling on the level of the government's NIR has been set at \$1.207 billion for September 30.

At the end of the year, the IMF expects the government to trim down the NIR deficit to \$908 million and to a further lower level of \$778 million by March 31 next year.

CB sources said the IMF concession on the NIR ceilings is significant because failure of the government to meet this particular performance criteria will derail its chances of drawing by tranches from the \$508 million credit assistance from the IMF.

The IMF document said that the floors on the NIR will be adjustable for deviations on each of the test dates from the specified assumptions on new foreign disbursements and CB liabilities under the 3 billion trade facility from foreign commercial banks and its liabilities under its Circular 1091 which spells out the private financial sector foreign currency debt repayment program.

The other performance criteria that the government must hurdle in order to avail of IMF credit assistance include further implementation of structural reforms in the sugar and coconut industries and the import liberalization program.

MINISTERS URGE PAYMENT OF DEBTS BASED ON ABILITY

HK201507 Manila MANILA BULLETIN in English 20 Aug 86 p 17

[Text] The government should still pursue repayment of its foreign debts according to the country's ability to pay, Economic Planning Minister Solita Monsod said during a brief interview yesterday.

In a separate interview, Trade and Industry Minister Jose S. Concepcion Jr. said he and Monsod are in complete agreement on this position. He declined to comment, though, when asked on the possible backlash from the country's foreign creditors, just like what had just happened to Peru, in case the Philippines adopts this posture.

The International Monetary Fund has declared Peru as ineligible for new loans until it repays the fund of some \$186 million in arrears and current loans that were due.

New loans to Peru were earlier withheld by foreign commercial banks and the World Bank because of the South American country's decision to peg the annual payments of its \$14 billion foreign debts to only 10 percent of its annual export earnings.

Concepcion was quoted by foreign wire services over a month ago as having said during a trip to Washington that the government would like to limit the servicing of its \$26 billion foreign debts to only about 20 percent of the country's annual export earnings to allow room for growth in the economy.

But since Concepcion made this statement, he and Monsod had apparently clamped down and declined to elaborate when asked whether or not the posture of limiting debt service payments to a certain percentage of exports would still be maintained, especially during forthcoming negotiations later this year for rescheduling of foreign debts.

There are indications, however, that Monsod, who used to espouse selective debt repudiation or disengagement, is still keen on pressing for the limitation of debt service payments to a certain percentage of annual export earnings, just like what Peru did.

In fact, the NEDA [National Economic Development Authority] chief requested last May for a report from the Philippine ambassador to Peru on details regarding the management of Peru's external debt.

Monsod received the report prior to her visit to Mexico and Peru to study the respective experiences of the two countries in managing their foreign debt problems.

The wire report to NEDA from Peru said that the government took precautionary measures late last year in anticipation of sanctions from foreign creditors arising from its controversial debt posture.

It was learned that Peru withdrew in October last year all public sector deposits in the United States as a precautionary measure.

FIJIHAYDEN HOLDS TALKS WITH FIJI MINISTERS

BK160728 Melbourne Overseas Service in English 0430 GMT 16 Aug 86

[Text] Australia's foreign affairs minister, Mr Hayden, has had talks in Suva with a number of Fiji government ministers. A statement issued by the Australian High Commissioner said that among the issues covered in the talks were the ANZUS defense alliance, trade, and investment.

The ANZUS defense pact, now confined to Australia and the United States after New Zealand was effectively expelled because of its nuclear ships policy, provides for mutual defense in the case of military attack. It said the ministers had also discussed the supply of four Australian patrol boats for the Fiji Navy and the inevitable effects on Australia's aid program of the budgetary restrictions faced by the government.

Mr Hayden's visit to Fiji was classed as private and was not announced to media until the High Commission issued its statement. The foreign affairs minister is on his way home from San Francisco where he had talks with American officials on the ANZUS alliance.

KIRIBATIJAPAN PLANS 'HUGE' SPACE CENTER, UNIVERSITY

HK210243 Auckland THE NEW ZEALAND HERALD in English 15 Aug 86 p 1

[By Pacific Affairs Reporter]

[Text] The tiny Pacific nation of Kiribati may become the base for Japan's multibillion-dollar Pacific space centre.

It is planned to be the home of high-tech space manufacturing industries and a space university and will operate for peaceful purposes on a commercial multi-user basis.

Kiribati is one of the most hard-up nations in the Pacific, with an estimated population of 60,000 widely scattered over 33 atolls.

Diplomatic moves have been initiated between the two countries to examine the possibilities of building the huge space base, research institutes and other facilities on one of Kiribati's atolls, possibly the biggest one, Christmas Island.

The base would also be home to many high-tech industries which the Japanese Government says would be involved in the space-based manufacturing of pharmaceuticals, semi-conductor materials, glasses and the like.

The major function of the new Pacific space centre would be an international spaceport featuring the most advanced launching facilities.

The initiative to look for a Kiribati site was taken up by the honorary Kiribati consul in Japan, Mr T. Kuribayashi, on behalf of Mr Tetsuo Kondo, the deputy chairman of the governing Liberal Democratic Party's policy research council.

Mr Kondo has recommended the establishment of the space-port near the equator in the Pacific to reduce orbital maneuvering velocity loss during launching of geostationary satellites.

It would also serve as an emergency site for rescue and recovery of manned space flights.

Mr Kondo told a space symposium organised by the American Astronautical Society and the Japanese Rocket Society at Hawaii recently that the new space technology promised to change and improve dramatically the social and economic conditions of the Pacific.

It is expected that Japan will engage in a very wide range of space programmes for peaceful purposes, ranging from broadcasting and general communications satellites to weather and other earth observation satellites.

Many of the programmes are likely to be joint ventures with countries like New Zealand and Australia.

Mr Kondo said that more than 100 Japanese companies were considering the commercial use of space through material processing.

Japan now has two kinds of satellite rocket launchers. One is a unique vehicle called the M-3SII, which uses solid fuel for all stages of its flight.

Japan is also developing a series of more powerful launchers called H-I and H-II for heavy loads.

The project has an astute eye on business possibilities, for the Japanese Government notes that there is no equatorial launch site in the Pacific with high-level launching comparable to the United States space shuttle.

"This proposed space-port, if constructed near the equator, will provide a launching service for nations at present lacking launch sites," says the Japanese report.

"A basic principle should be that the Pacific space-port will be employed only for peaceful purposes.

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